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# ***JPRS Report***

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## **Soviet Union**

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***International Affairs***

10 AUGUST 1987

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SHAKHNAZAROV BOOK ON INTERNATIONAL ORDER REVIEWED

Moscow OBSHCHESTVENNYE NAUKI V SSSR; SERIYA 5-- ISTORIYA in Russian No 2, Mar-Apr 87 pp 77-80

[Review by N. N. Mesyatsev of book "Mezhdunarodnyy poryadok: Politiko-pravovyye aspekty" [International Order: Political and Legal Aspects] by G. Kh. Shakhnazarov, I. S. Andreyeva, Yu. M. Baturin, et al., under the general editorship of G. Kh. Shakhnazarov, USSR Academy of Sciences: State and Law Institute, "Nauka", Moscow, 1986, 232 pages with a bibliography at the end of each chapter]

[Text] The monograph is devoted to a theoretical treatment of the problem of the interaction of political systems and the international milieu. It consists of a foreword, four sections combining 14 chapters, and a conclusion.

The foreword points out that the "monograph has a spectacular nature to a great degree," since the subject in it concerns a "new avenue of scientific research and the definitions of the international political order, which are cited in the work, and the description of its components may appear questionable" to the reader (p 5.) The authors regard their research as one of the "bricks" in the construction of an integral Marxist conception of this problem (p 5.)

Section One investigates the genesis of the range of problems in international order, contains an analysis of the Marxist approach to world order as a class-conditioned phenomenon, and examines the concepts of "international order," "world order" and the main categories that are used when studying international order from a theoretical viewpoint.

The idea of a just international order is an ancient tradition in the history of social thought. The authors reveal the sources of this idea in mythological consciousness and trace its development to recent times. They point out that "in contrast to the utopian designs of the past, Marxism-Leninism has linked the problem of general peace as an ideal of humanity with the actual political struggle of the masses. The world political order thus received specific justification and connection with the struggle for social progress and national liberation" (p 62.)

The book defines international order as "a system of dynamic correspondence of international relations and their organization based on qualitative characteristics and the correlation of forces in the world arena" (p 38.)

Section Two analyzes the conditions and preconditions for establishing the new international order amidst the polarization of political forces and the deepening of capitalism's general crisis. The Great October Socialist Revolution opened up a new era in international relations. The formation of a world socialist system and the military strategic parity, which was achieved by the socialist commonwealth of states with the countries of imperialism, put an end to imperialism's capabilities to define the nature of the international relations system in general. "The objective precondition for shifting from the general idea of a new international order to practical actions to consolidate it, was created" (p 67.) The democratic world and the internationalization of international relations are necessary conditions for the new international order, the book points out.

Section Three examines the normative aspect of the subject: international legal order -- especially at sea and in space -- and international economic and information order. "Under international law and order is understood the totality of legal relations that have taken shape in accordance with the norms and instructions of international law, in particular and especially in accordance with the instructions of its generally recognized major principles -- norms that have the imperative nature of law that is compulsory for all (jus cogens)" (p 83.) The monograph reveals that modern international law and order are essentially democratic, anticolonial and antiimperialist (ibid.). They have been strengthened and expanded under the influence of the idea of Great October and the active foreign policy activity of the Soviet state, the other countries in the socialist commonwealth, and all progressive forces of the present.

International law and order are the basis and the main content of world order. The authors point out, however, that world order does not boil down to international law and order (p 83.)

Section Four contains an analysis of the present status of the study of the problem of international order in international scientific centers, the theoretical concepts of international order and the political positions of the different forces and movements regarding this matter. A settled interpretation of the new international order (NMP) does not exist in bourgeois science; only individual aspects of the problem, to which a hypertrophied importance is often attached, are singled out by researchers (p 166.) Normative, factor, pragmatic, and other approaches prevail in the works of bourgeois authors from the developing countries (ibid.) Generally speaking, the monograph points out, the examination of the new international order as a means for strengthening the world capitalist system and the striving to separate the developing countries from the socialist commonwealth and to set the workers in the industrially developed countries against the workers in the developing countries are typical of the representatives of the developed capitalist countries (pp 183-184.)

Today's Marxist political theory is consistently expanding the range of questions connected with the problems of world order.

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## SOVIET TV PROGRAM ON HUMAN RIGHTS POSTPONED

LD170920 [Editorial Report] Moscow Television Service in Russian at 1530 GMT on 16 June carries live a 90-minute program entitled "resonance" presented by Boris Kalyagin. Program participants, who are seated at a table at the studio in ostankino are introduced by Kalyagin as Andrey Serafomich Grachev, head of section of the Propaganda Department of the CPSU Central Committee; Academician Vladimir Nikolayevich Kudryavtsev, director of the Institute of State and Law of the USSR Academy of Sciences; Vladimir Borisovich Lomeyko, USSR representative at the UN Human Rights Commission and special envoy; and Metropolitan Filaret of Minsk and Belorussia.

Kalyagin announces that the subject of the discussion will be human rights in the contemporary world--in the USSR and abroad. He apologizes for the postponement of the program, stating that "this happened because the participants in the meeting were unable to gather for various reasons at the designated time, and, indeed, our team today is somewhat altered." Kalyagin then talks about the importance of human rights. Kudryavtsev speaks about how the concept of human rights changes from age to age and from society to society; Grachev defines what is meant by human rights in general terms. Grachev observes that "over the recent past, because of the fact that we have been somewhat shy in discussions on human rights, and have even placed inverted commas around the concept itself, this has obviously created the impression among our opponents, our enemies in the West, that, this is supposedly the theme which is a sort of vulnerable spot in socialist society, a sort of Achilles' heel. And so, it is precisely in this direction that the arrows of the basic ideological and political attacks have been concentrated. We notice this; we notice it, incidentally, when viewing television at home when the leaders of many of these states visit us, because none of these interviews goes by without turning to this subject, and I think that it is this that gives this problem a pugnacious tinge. Although this tinge may be demagogic there may be some point in our discussion here, perhaps a little belatedly, in returning to its genuine sound and content."

Metropolitan Filaret speaks next on the subject. He examines biblical teachings on human rights and notes that the world council of churches is involved in this area.

Kalyagin comes in to note that they have already mentioned that approaches to human rights in the USSR and in the West differ somewhat and asks Lomeyko how one can institute international cooperation on humanitarian issues and human rights given this situation. Lomeyko says that the difference in approaches comes through at any international conference, including at the latest session of the UN Human Rights Commission. He outlines an early Soviet proposal during the setting up of the United Nations after the war, that international security and the preservation of peace must be closely linked to protecting and respecting human rights. Lomeyko goes on to recall that the Soviet Union was the first of the great powers to ratify the international human rights pacts, which are the universal base of international cooperation, despite any divergence in attitudes. The USSR thinks that every country should strive to implement human rights as fully as it can at home, that international cooperation between countries is based on implementation of human rights in the pacts and that there should be an international exchange of experience. "What you get is a paradoxical picture: there is a universal basis, that is, the pacts, adopted by the world community, and those--and this is first and foremost the U.S. administration--who have not ratified these pacts, who make the most noise of all about human rights. That is, if we took the position of our partners, that measures of self-confidence and self-satisfaction that is typical of the way they pose the question, then we would never ever sit down at the same table, because the conversation would not be on the same level. We have ratified these pacts, we are prepared to carry them out, we are prepared to develop the pacts further, we do not think that we have ideally, as they say, carried out everything that we set for ourselves. We are developing democracy, and at the same time our opponent has not ratified even these fundamentals, but makes demands of us."

Lomeyko goes on to say that perhaps they may discuss the questions coming in: "I would like to say that a whole series of questions are coming in pertaining to emigration. Comrade Davshuto from Minsk asks: I have been invited by relatives in the United States, who went there before the revolution. How are degrees of kinship determined, to whom can one travel, to whom may one not travel. There are a whole number of other similar questions. Obviously, on all these questions, comrades must know that you have to turn to the relevant administrative bodies, specifically OVIR [visa and Registration Department of Ministry of Internal Affairs], where, so to speak, you can get answers to all questions. Our program cannot fulfill the role of an inquiries bureau, but I would like to say that new decisions have been adopted on these issues, expanding the range of persons emigrating to other countries, and, I must say that there are a number of questions that we might, I think, go back to a bit later, which are evidence both of a purely legal and administrative lack of knowledge about some matters relating to human rights."

Kalyagin mentions that there is a second category of questions about guaranteeing and protecting human rights, but first he asks Metropolitan Filaret if there are plans for marking the 1,000th anniversary of the orthodox church and if a bible is to be published, and in what size edition. Metropolitan Filaret replies: "Yes, there is to be another edition of the bible, there will be 100,000 copies in this edition." He goes on to outline the various events to be held in Moscow, Zagorsk, Kiev, Vladimir, and Leningrad, speaking in all for 5 minutes.

Kalyagin then resumed, noting the end of discussion of the first group of questions, and moving on to the second group, concerning guarantees and protection of human rights, and violations of them in many parts of the world. He introduces a video report on the election of enterprise managers in the USSR, which he describes as "a most important direction in the expansion of civil rights and the further development of socialist democracy in our country." The video report is called "How They Elect a Director" and shows the campaign for the election of the director of a factory in Riga. After the video report Kudryavtsev comments that such democracy is not to be found in any capitalist country. He praises such elections and says that they will probably spread to the rest of industry; scientific institutions have long had such elections.

Moving to another subject, Kalyagin notes a viewers question on whether there will be trial by jury in the USSR. Kudryavtsev says: "Well, on the whole, we are discussing all these problems and in particular the proposal is suggested that for complicated cases, for cases involving grave crimes, we should go over to a broader composition of the court. After all there are various juror courts in various countries. There is the classic formula of 12 jurors, but there are also 7, 8, or 4, and various other options. There is discussion in our country of increasing the membership of the court to five persons. Perhaps there could be still other options. And I think that this democratization of the court system should proceed in various directions. In particular as regards the differentiation of these forms, for complicated cases one must, of course, broaden the participation of the people, of the public, in judging these cases."

The discussion proceeds to the election of officials, Grachev says: "Comrade Valeriy Pavolovich Stegantsev--I apologize if I didn't get the stress right--asks: Appointment by election in various sections of management is wiedenening in our country; Why is the general secretary of the Communist Party not elected in our country? And the second question is somewhat more long-sinded. It is asked by David Grigoryevich Barnes. He asks the following question: Democracy is the people's right to elect its leader directly--that the people should elect Stalin, Brezhnev, Gorbachev, and so on--this is my personal view. What do you think of this?

Well, in turn, I will state my personal view: I don't like the term leader of the people. You understand, this is some sort of leaderism [vozhdizm] which in any case belongs to the past. As regards the election of leaders, I think that it is a matter not of the people electing their leader but of the collective, the labor collective electing its leader, that is to say any sort of cell of the people--a labor collective, an organization, a public movement on, or, finally, a political party, just as our Communist Party elects its leading bodies, its Central Committee, which, in turn, as is known, elects our party general secretary.

"A question which already, it seems to me, touches not so much upon the subject of elections as, upon the next level of people's control of its leaders, shall we say: Why is it that, in all scandals, the director is criticized and sometimes--but never, I apologize, but never--the raykom or gorgom is criticized? That is why, evidently, this question has ended up with me; these officials

appear only when ribbons need to be cut. What are they? Above criticism? Again I believe that, it goes without saying, these officials of the gorkom, the raykom, or the obkom, and I would say this also of the party central committee, are not beyond criticism and should not be in this secure zone."

Next, Lomeyko talks about how diplomatic immunity works, and goes on to say: "There are many questions concerning the right to leave," and continues: "Unfortunately, I cannot, of course, reply to every one of these questions individually, because it is a matter of how travel abroad at the invitation of some relative or others depends on the level of kinship, and I feel in many of these letters, or questions, rather, which have been handed over that there is an ignorance of the exit rules. I repeat that specific replies depending on the situation and on relations of kinship can be obtained at OVIR at the local soviets of workers' deputies where qualified replies are given. I must say, however, that there is a question in particular from Comrade Ripper which says: Are there changes intended in the law soon on emigration for permanent residence abroad for the reunification of families? I must say that last year in the Soviet Union new rules were adopted making more precise and regulating exits at the invitation of relatives, and also on reunification of families. Last year over 140,000 people left through ties of kinship, and over 5,000 left on request for reunification of families. So there you have a specific reply to these questions."

Lomeykev goes on to speak about sickness pay in the west, and continues: "Comrade Vladimir Ivanovich Shchekin, a pensioner from Lyskovo City, asks: Why is Article 12 of the International Pact of Civil and Political Rights and Article 13 of the General Declaration on Man which our country signed not being observed in the USSR? Andrey Viktorovich Sokolov from Moscow also asks about how the provisions for free exit are not always observed in our country.

"Well, comrades, I must say that this is, of course, one of the questions which is topical for the entire world community. And indeed, Article 12 exists in which it says that every person has the right to leave any country including his own, but goes on to say that the above-mentioned right cannot be subject to any restrictions except those which are provided by law necessary for maintaining state security, public order, the health or morality of the population, or the rights and liberties of others, and compatible with other rights recognized in the present pact, so that this article directly addresses restrictions on that right.

"And this operates not only for the Land of the Soviets, but also, so to speak, for the whole world community. These restrictions exist in many countries. For that reason in every specific case a request to leave is examined. If it is the reunification of a family, then, as a rule, it is granted. And, by the way, it was the Soviet Union which proposed in Berne modifying the agreements on contacts with relatives. A document was drawn up, and it was only because the Americans did not sign it that in essence the adoption of an international act, an agreement regulating wider exchanges, was wrecked."

Lomeyko winds up: "In conclusion, on this matter I only want to say that bourgeois propaganda likes to make out that it is only we who have restrictions on leaving. This is not so: I have talked several times with General Bastian, who is known in our country. He is known as one of the generals for peace who are struggling in FRG. He was commander of a tank division, and he was virtually, so to speak, deprived of his duties because he took a stance critical of further increasing the arms race. So here we have firstly a punishment for thinking so to speak, for a particular point of view. But the most interesting thing I asked him then was: Have you been in the Soviet Union. He said no. This was in 1983. Why, because NATO servicemen are forbidden to travel to socialist countries. I said, but you are now retired, involuntarily. He said: Yes, I can go, but only after a period of 5 years. If I go before that, I could go, but they could cut my pension, and quite considerably. And so he came here much later. There you have, so to speak, if you please, a specific restriction. Incidentally, many important U.S. scientists, including in the first of research, do not have the right to travel to socialist countries. So the list could be continued. I want to say that it is a problem existing in the world, and which, I feel, will be solved--I mean the restrictions will be lessened--as the policy and practice of international cooperation and trust is strengthened."

Next, Kudrayvtsev goes through a series of short questions to which he gives answers, on compensation for material damage in connection with illegal detention, the right to honesty as set out in Soviet legislation, whether a sentence of 15 days' detention constitutes a violation of human rights, the rights of a person in a sobering-up station, the need for nationwide discussion of important states issues. Kudrayvtsev continues:

"Gennadiy Timofeyevich Voronov, a scientific worker from Moscow, says that in connection with the decision of openness, it would be expedient to look into the question of increasing the powers of the mass media. I would also fall in with his wish, and it is not only a matter of increasing the rights of the mass media, but also of a certain setting to rights of their activities, because the mass media must also bear responsibility, including before citizens whom they cover in one way or another in their publications, and that is also a question of considerable importance, that here we have both the rights of the mass media and the right of the citizens, the rights of the individual, the rights of those about whom we write, on television or on the radio.

"Questions are also coming in regarding, say, the organization of demonstrations, including by unofficial groups. This matter also requires legislative regulation. As far as I know, local Soviets, executive committees, in a number of towns have passed resolutions regulating local procedures for staging a demonstration, but I think that there should be both republican and all-union legislation on these matters.

"We have several questions pertaining to elections, welcoming what I would call the new system of multiple mandate constituencies, the experiment that is now being conducted. And Comrade Petrov from Leningrad specifically touches upon the question of voting booths. He says that these should be used in such a way

that a person goes into the booth, and it is not something embarrassing or anything. In my view, Comrade Petrov quite rightly considers--and the election system does provide that this should be so--that no one should infringe the secret ballot and that a person has every right to make use of all these methods."

Kudryavtsev continues: "Comrade Aleksandr Ivanovich Sergeyev from Moscow is an engineer. He says: criminal legislation is currently under review. Will Articles 70 and 190 (i) be removed? I want to remind you that in the case in question we are dealing with the articles on responsibility for anti-Soviet agitation and fabricated slanderous inventions about the social and state system. I think that responsibility for antistate activity should not be excluded or removed, because defense of the state is also one of the functions of criminal legislation. Criminal legislation protects the individual, it protects society, it protects economic and social rights of citizens and public organizations. It also protects the state. And, by the way, protecting the state, including in these forms, is the function of any state. Such similar, close questions can be observed also in countries of the most varied orientation. It is another matter that the wording of the legislation, as it is under review probably can be either made more precise or brought closer to contemporary requirements.

"Finally, Comrade Lenoid Yegorovich Mozin from Moscow asks: in connection with the restructuring which is now under way, are there not grounds for creating a new, fifth constitution? A question which I also consider interesting. It has a scientific and practical nature. From my point of view, it seems to me that now the social and political conditions are not ripe for reforming the basic law adopted 10 years ago now in a radical manner. But, undoubtedly, the question of the dynamics or the dynamism of the development of the legislation affects all legislative acts, and at some time evidently we shall bring in some clarifications in one form or another to our legislation and probably to our constitution. But I want to say that the basic law should be more stable, so to speak, and it provides for a special procedure for changes, even minor changes. You need a special qualified majority of two-thirds in order to introduce changes, and this requires serious preparation."

Next, Grachev says:

"Does the range of human rights in the USSR include the propaganda of views of the Black Hundreds type as is done in the Pamyat organization. This question is put by Comrade Khashkin from Kiev and by Aleksandr Mikhaylov, an engineer from Novosibirsk, as well as by several other comrades. It seems to me that the question itself contains a clear answer. The propaganda of such views cannot arouse anything other than indignation, protest and contempt.

"German Petrovich Vilinskiy asks who poses the greatest threat--representatives supporting Paymat or imaginary Zionists? I would reply that in my view those who try to inflame discord among the nationalities are equally dislikable whatever genuine, imaginary, or camouflaged appeals these persons use as cover.

"If one is to speak of the term threat, as a specialist on international affairs I would prefer to consider that in the present situation, in the modern world, the threat to us comes from the danger of international conflict, from the arms race, from tension, from those genuine dangers and problems which we should join together to oppose."

Metropolitan Filaret then answers a number of questions. A viewer asks whether a clergyman can enjoy equal civil rights and if so can he appeal to the civil authorities, bypassing the spiritual bodies. Filaret says every member of the clergy is a citizen of the country with equal rights.

Filaret continues with another viewer's question:

"If the clergy had the opportunity to address believers via the media, television and radio, what would your message to them be now in 1987?"

He says: "I had an opportunity on the Vremya program to address not only believers but Soviet citizens overall and give them our position regarding peace, the cause of defense of peace, and on the role specifically of believers on this question."

Filaret continues: "A number of questions concern the performance of religious rites. Why are religious rites forbidden in our rayon? I think this is a misunderstanding: religious rites are performed unimpeded in each open parish unimpededly." He answers a question on baptismal rites, then goes on:

"Why when someone takes part in a service is this reported to one's enterprise via the party town committee? Well, such questions are slightly misdirected, but I think that what I said earlier indirectly gives the answer that if there have indeed been abuses then they are at the present time gradually making their exit from our life together with the development of the process of democratization of our society.

"There is also a question again concerning why so few Bibles are produced and why more copies cannot be produced. The fact is, it is not only Bibles that our Patriarchate publishes but also a fairly long list of publications--books of worship, prayerbooks, periodical literature, anthologies of technological content, but we are, I will say frankly, slightly limited and as for paper there is a definite annual schedule and we are not always able to obtain the necessary quantity of paper. That is natural. I will add that we are now preparing the fifth edition of the Bible in our Soviet period.

Concluding the program, Kalyagin introduces a montage of video reports illustrating the position with regard to human rights in the so-called free world. The video reports show soup kitchens, dole queues, down-and-outs, the homeless, violence in Northern Ireland, a funeral, rioters hurling petrol bombs, violence in Chile, events in South Africa, unrest in South Korea, the plight of Palestinians.

Kalyagin then tells viewers that some of their questions are being passed on to the Man and Law program, which was better equipped to deal with them.

DIRECT TIES DEVELOPING AMONG CEMA ENTERPRISES

Kiev PRAVDA UKRAINY in Russian 30 Apr 87 p 7

[Unsigned article: "CEMA Countries: Developing Direct Ties"]

[Text] The decisions of a symposium held in Simferopol will facilitate development of direct ties among enterprises in CEMA countries producing pneumatic apparatuses for production automation. This is the opinion of its participants, specialists and scientists from the NRB [People's Republic of Bulgaria], VNR [Hungarian People's Republic], SRV [Socialist Republic of Viet Nam], GDR [German Democratic Republic], PNR [Polish People's Republic] and the USSR.

"During the symposium we not only shared information about new models of pneumatic equipment and our experience in using them in automated processes, but also held talks on developing cooperative manufacturing of products," stated (I. Kotsa), director of the Eger Precision Fittings Factory (VNR). "We also discussed the opportunities for direct exchange of products between our enterprise and the Simferopol production association Pnevmatik. This is not a simple matter and haste is not called for. Therefore, we limited ourselves at this time to determining precisely what fittings manufactured in Hungary are of interest to our Soviet partner."

"Twenty years ago, when cooperation between the GDR and the USSR on the creation of pneumatic equipment just began, there was no large specialized enterprise such as the Simferopol Pnevmatik Association in the Soviet Union," stated G. Brol, deputy general director of the Leipzig (Orsta-Gidravlik) combine. "And then we also did not have large capacities. Now such modern production capacities do exist in our countries. But is it really intelligent to use their capability to manufacture the very same types of products? We propose importing a number of products and parts which are being manufactured at Pnevmatik, and in exchange could offer devices that are created on a fundamentally new basis." The participants in this representative meeting were unified in their belief that only through international specialization and division of labor would it be possible to make a leap forward in creating first class pneumatic equipment necessary both for solving the tasks of scientific and technological development of industry in the fraternal countries, and for successful competition with the products of Western firms in the world market.

A session of the section of metrology of the CEMA standing commission on cooperation in the field of standardization ended in Lvov with the signing of a number of agreements to expand cooperation among the metrologists in the socialist countries. It was organized on the basis of the leading Soviet branch scientific production association, Sistema. Specialists and managers of metrology services and scientists coordinated their actions in the creation and employment of CEMA standards and standard models.

"Today's 31st Session of the section on metrology took place at a qualitatively new level," commented L. K. Isayev, section chairman and chief of the Metrology Directorate, USSR Gosstandart [State Committee of Standards]. "The restructuring of the economic mechanism in the USSR and the policy taken in the country of acceleration in all economic branches have opened up new opportunities for extending fruitful partnership among metrologists. More attention was paid at the working sessions to restructuring the activity in our section as well. For the first time the problems of metrologists associated with the development of direct scientific, technological and production ties were examined.

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CHEMICAL, OIL MACHINE BUILDING MINISTER ON EXPORT PLANS

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 6 Mar 87 p 1

[Interview of V. Lukyanenko, minister of chemical and oil machine building, conducted by V. Zhukov]

[Text] Question. Vladimir Matveyevich, what new did the resolution on improving the management of foreign economic ties introduce into the activity of your ministry? What has already been done and what is planned?

Answer. Involving the direct manufacturers of products in foreign economic activity increases their responsibility for sales and purchases on the foreign market. Our ministry had actively entered into this work. The right of access to the foreign market has also been granted to the Sumy Machine Building NPO [Scientific-Production Association] imeni M. V. Frunze; the Berdichev Progress Chemical Machine Building Production Administration; and the Volgograd Petroleum Machine Building Production Association. They are better prepared for this activity than others and have gained a certain recognition abroad. Many of their products are fully competitive. There is one other important circumstance. To a large extent the technical re-tooling of the Soviet chemical, petroleum, refining, petrochemical, gas and paper and pulp industries depends on the direct activity of these named associations. A policy has also been initiated through which they, having obtained independent access to the world market, should begin to develop technically in a more intensive way, acquiring necessary advanced equipment abroad from funds gained through their exports.

Along with USSR Gosplan and Minvneshtorg [Ministry of Foreign Trade] we specified the product list of our export-import goods and their quantities. The structure of foreign trade organizations has been worked out. A regulation governing the foreign trade association, Khimmasheksport [chemical machinery export] of the Ministry of Chemical and Oil Machine Building has been approved. It has been determined which firms and specific employees will shift from the MVT [Ministry of Foreign Trade] to our system.

Organizational work on the creation of the foreign trade association is continuing. We are doing this as we go along: we are organizing and engaging in trade. Our associations in Sumy, Berdichev and Volgograd are also

operating under approximately the same conditions as they establish their own independent foreign trade firms.

Question. One of the measures to improve management of foreign economic ties is a change in planning. What fundamentally new has taken place in this area in the Ministry of Chemical and Oil Machine Building?

Answer. USSR Gosplan, which previously allocated for export that which remained after satisfying domestic requirements, has given up its old practice in accordance with the new resolution. In 1987 Minkhimmash was assigned a target for currency earnings, including freely convertible currency. If we are to examine, for comparison, how this is developing our foreign economic activity, I will tell you that the new target for our product list is four times higher than that of 1986.

We are also engaged in future planning matters. Lists have been compiled of additional chemical and oil equipment being produced which can be exported: membrane gas separator plants; cooling turbines; low output liquid gas separator plants, etc. We are studying the question of what new developments can be used to expand our exports.

Today we consider improving product quality a most important factor in the development of our branches of machine building. We are also thinking about technical re-tooling. The ministry has worked out a comprehensive program, "Scientific and Technological Progress - 90." An integral part is the subprogram, "Export-90." It anticipates the manufacture of new lines, plants, aggregates, and machinery, which surpass in reliability, productivity and other technical and economic parameters products now being manufactured by ourselves and abroad. The new equipment will have microprocessors and electronic automation and control equipment. The compilers of the subprogram also took into account the specifics of the countries for which products for export will be manufactured.

Question. Beginning in 1987 measures are being assigned for the development of socialist economic integration with the CEMA countries in the plans for economic and social development of branch ministries, in accordance with the CPSU Central Committee and USSR Council of Ministers Resolution, "On Measures to Improve the Management of Economic and Scientific-Technological Cooperation with the Socialist Countries." How are these requirements reflected in the plan for the economic and social development of Minkhimmash branches?

Answer. I believe that it is necessary to recognize as an achievement the inclusion of specific indices in the plans for the economic and social development of branch ministries. These indices characterize the further development of socialist economic integration. Thus, the process of uniting the creative forces of socialism is being placed among the measures being planned and executed. It is subject to calculations and accounting, and it is being managed. And its successes are achieved through the efforts of specific people.

In the ministry plan for 1987 we have a number of indices that reflect our contribution to the socialist economic integration of the CEMA countries.

Amounts and lists have been provided of equipment being delivered for structures underway in the CEMA countries with technical assistance from the Soviet Union. Targets for the development of cooperation in production with firms and organizations of the socialist countries are also written in the plan.

Question. How is the foreign trade advertising and information capability of the ministry to be developed?

Answer. We are now directly interested in demonstrating a product to a possible foreign consumer, so that he will purchase it. It is anticipated that an entire section will work on this. Taking into account the transfer to Minkhimmash of MVT export-import operations, an advertising and exhibitions department is being created in the ministry foreign trade association. It is taking on the entire burden of this work, including organizing the publication of advertising prospectuses and catalogs for equipment being exported, as well as literature for exhibitions abroad. Our branch institute for scientific and technological information and the lead institutes developing the equipment are involved in preparation of extensive advertising documents and the creation of special advertising materials. With their assistance future ministry products are selected which in the near future may become articles for our export. To a certain extent we count on assistance from the All-Union Association, Vneshtorgreklama [foreign trade advertising] of MVT. Plans are to advertise all our products that are for export on today's list, as well as those with prospects for future deliveries. This is one side of the matter. In addition, the expansion of a permanent support network abroad is also required for extending foreign trade ties with firms and organizations in foreign countries. We will make more use of the experience acquired by the all-union foreign trade organizations, MVT and GKES [State Committee of the USSR Council of Ministers on Foreign Economic Relations]. In the future there are plans to create technical centers to help maintain sold equipment; organize joint-stock companies; open technical-commercial buros, etc.

We plan to reorganize our patent services. We received authority to acquire abroad from export earnings mechanisms and equipment that we need for reconstruction of the production base.

A broad field of activity is opening up in connection with improvements in production and scientific-technological ties with our partners from the socialist countries. Here a shift is planned from primarily trade relations to thorough production specialization and cooperation. The forms and methods of foreign economic ties are changing fundamentally. Direct production and scientific-technological ties between USSR associations, enterprises and organizations and CEMA country organizations are becoming a most important means of implementing stable and effective cooperation, sharing advanced experience and rendering mutual assistance in the assimilation and introduction of new equipment and technology. The participants in this coordinated activity themselves will determine the directions and goals of cooperation, select partners, negotiate prices, etc. Naturally, in the early stages information aspects are especially important. We must give extensive information to our production and scientific-production associations, first, about their direct rights and obligations when participating in international

production cooperation; and, second, to help them seek out a potentially required partner. Experience which we already have is becoming very important. The best and leading associations should talk more about how they achieved success and what difficulties they overcame.

Question. According to a decision of the 27th CPSU Congress serious efforts are underway in the country's economy to develop a strong export base. What enterprises and organizations of the Ministry of Chemical and Oil Machine Building could be included in connection with this in the program for developing the USSR export base?

Answer. We associate in the first place the development of the branch export base with the expansion and technical re-tooling of enterprises and scientific-production and production associations which are already today providing products and which enjoy demand on the world market. Besides those already mentioned I should name: Petrozavodskbummash [paper machinery] NPO; Kriotekhnika [refrigeration equipment] VNPO; Kievpolimermash [polymers] PO; Uralgidromash [hydraulic machinery] PO and Turbobur [turbo drills] PO. I am confident that the development of the export base of these associations can have a substantial effect in the immediate future.

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CSO: 1825/192

**INTERNATIONAL INVESTMENT BANK'S ROLE IN CEMA INTEGRATION**

Moscow DENG I KREDIT in Russian No 2, Feb 87 pp 6-11

[Article by A. N. Belichenko, directorate chairman, International Investment Bank: "In the Service of Socialist Economic Integration"]

[Text] Extension of the process of socialist economic integration is a characteristic feature of the step-by-step development of the CEMA countries. An important place in accomplishing this task is allotted to the activity of the International Investment Bank, which participates actively in financial measures associated with progressive changes in the economic structure of the CEMA countries.

In credit policy the MIB [International Investment Bank] takes into account the need for structural redistribution of investments. It concentrates its attention most of all on financing the technical retooling of existing enterprises, giving preference to reconstruction and modernization of production, and not to new construction. This is characteristic of the Soviet Union and the other CEMA countries. Speaking at a CPSU Central Committee conference on acceleration of scientific and technological progress, M. S. Gorbachev, CPSU Central Committee general secretary, noted: "Today reliance must be placed on technical retooling of enterprises, saving resources and sharply improving product quality. It is important to reject without vacillation the previous economic stereotype, under which new construction was considered to be the main method of expanding production, while many operating enterprises were not retooled for many long years..."(1)

The main task facing the bank is active participation in developing specialization and cooperation in production and scientific and technological cooperation; strengthening the fuel, energy and raw materials base of the country; and expanding, modernizing, and building economic production facilities which are of mutual interest.

Large industrial and infrastructure complexes, which are playing an important role in the economy of the community, have been built with the participation of bank credits.

By 1987 the bank provided credit for 103 facilities having an estimated value above 20 billion transferrable rubles. The overall amount of credits granted

constitutes approximately five billion transferrable rubles. MIB operates on a profit basis; its profits are distributed among the CEMA countries. On 1 Jan 87 the bank balance was 2,566,300,000 transferrable rubles. Throughout its existence the bank has participated actively in the world credit market; it has correspondent relationships with more than 300 banks in the socialist, developing and capitalist countries.

MIB has established contact with regional banks, such as the Asian Development Bank, African Development Bank and Inter-American Development Bank, as well as with the European Investment Bank. In the future plans are to continue developing relations on a mutually advantageous basis with banks in the developing and capitalist countries.

The volume of exports to the countries of the community from facilities that have obtained credits constituted more than 30 billion transferrable rubles. In the past 10 years more than 115 billion cubic meters of natural gas; approximately 190,000 trucks and buses; 1.7 billion transferrable rubles worth of metal cutting machine tools, flow lines and flexible automated production lines and systems; more than 50,000 portable conveyor-belt rotors, punch machines and punching equipment costing 2.0 and agricultural machinery costing 4.7 billion transferrable rubles, and many other products have been provided. MIB credits helped expand trade among the socialist states and reduce dependence on the importation of goods from the capitalist countries.

Seventy percent of the facilities for which credit is provided is for reconstruction, modernization and technical retooling of production. The largest amount of credit is issued to machine building, metallurgical industry, chemical and transport enterprises.

As is known, in the coming years the CEMA countries intend to create fundamentally new types of technology by concentrating efforts and organizing cooperation in five priority areas: introduction of electronics; comprehensive automation; atomic energy; production of new materials and biotechnology. At this time the bank is concentrating its attention on providing credits in these areas.

Let us look at several examples. Recently credit was granted to expand production at the Beroye robot manufacturing combine in the People's Republic of Bulgaria. As a result of expanding the capacities of this enterprise the manufacture of robots will increase 3.8 fold; exports to the socialist countries will amount to more than 70 percent of production. For a Bulgarian borrower credit has also been allocated for renovation, modernization and expansion of a metal cutting machinery factory in Asenovgrad. It is anticipated that this goal will be realized through the introduction of flexible automated production systems.

Credit has been granted for the third time to the account of the (Ikarus) bus factory in the Bulgarian People's Republic. The effective use of the funds which the factory has received is enabling it to improve labor productivity, reduce the energy and material intensiveness of production and increase the volume of production and exports. During 1986-1990 it is anticipated that

51,000 modern buses will be delivered to the CEMA countries, including 38,000 to the Soviet Union.

Credit has been granted for expanding the production of metal cutting machine tools in the enterprises of the Combine imeni 7 October in the German Democratic Republic. The use of this credit will make it possible to increase the quantity and improve the quality of products manufactured by expanding the capacities for the manufacture of production modules, flexible production systems, automated lines, lathes and grinding machines. This is already the second credit which the bank has granted to this combine. The first credit, allocated during 1981-1985, was used effectively; production volume increased 40 percent during the five year period.

The Poligraf Combine in Leipzig received new credit to modernize and improve the efficiency of its production capacities. Bank funds were used to acquire highly productive numerically controlled machine tools and computer equipment. It is anticipated that by 1992 the annual production volume of the combine will increase more than 60 percent.

Credit has also been granted to the (Mera-Pnefal) factory in Warsaw-Falenice, Polish People's Republic, which produces special devices and gear for automated control systems. The bank thus made its contribution to increasing the technical level of enterprises in the Polish People's Republic.

A factory producing organic dyes and semi-finished items in the (Sinteziya) Association, Czechoslovakian Socialist Republic, which is being granted International Development Bank credits, is of considerable integrating importance. For the first time here dye pigments with high heat and light resistance will be manufactured. Placing this facility into operation will provide the CEMA countries with these products.

At present the bank is taking part in financing the construction of the Progress Gas Pipeline, which extends more than 14,600 km (Munich - western border of the USSR). All of the European CEMA countries express interest in building this high commercial gas output Progress gas pipeline. The main gas pipeline is unique in terms of the technical solutions of the complex. It includes a gas transport system; compressor stations; monitoring and telemechanics systems; maintenance services; housing and cultural and domestic establishments. Putting into operation such a complex and high capacity route, which is distinguished by fundamentally new technical solutions, requires the use of the most modern materials and equipment, high capacity welding apparatuses and other construction mechanisms. Participating countries combined not only financial, but also material and labor resources to build it.

This most important integrating system of the current five year plan is playing an important role in solving the fuel and energy problems of the countries of the socialist community.

Credits granted by the International Development Bank to the non-European CEMA countries are aimed at drawing together the levels of economic development of these countries. Thus, the MPR [Mongolian People's Republic] received credits

under favorable conditions in transferrable rubles for the renovation of a worsted wool factory at 1.5 percent interest per year; the Republic of Cuba received credits for the construction of four sugar factories at two percent per year (compared to the standard 3-5 percent interest). The bank also plans in the future to assist the stepped up development of the national economies of these countries.

At the present time the International Development Bank has basically concluded its major work of defining possible facilities for the granting of credits for 1986-1990. This work was carried out based on the coordination of economic plans for the current five year plan, and taking into account the decisions of the Economic Summit Conference of the CEMA countries and approved priority directions for cooperation.

It is kept in mind that the facilities for which credit is granted must be closely linked with the implementation of the coordinated plan of multi-lateral integrating measures for 1986-1990; long term special purpose programs of cooperation; and measures for specialization and cooperation in production, so that the products of these facilities strengthen the technical and economic capability of the community.

At the present time a decision has been made for the International Investment Bank to grant credits for design and research efforts that are directly associated with capital investments and the manufacture of finished products. The bank is also studying the possibility of assisting cooperation across the entire "science - technology - production" cycle, as it applies to individual programs providing for joint investments by interested countries.

The transition to the highest forms of integration -- the creation of joint associations, enterprises and laboratories, and the extension of direct ties between institutes and economic organizations in the countries of the socialist community -- has begun, based on long-term special purpose programs for cooperation.

The economic importance of International Investment Bank credits in financing scientific and technological progress in the member countries consists primarily of the following.

First, by directing its credit investments to the selected branches and spheres of the economy, especially those which determine scientific and technological progress, the bank contributes to the extent of its ability to the solving of structural macro-economic tasks.

Second, the bank not only takes part in the financing of cooperative measures, but by the conditions under which credits are granted and by monitoring their fulfillment directly facilitates their systematic implementation and the fulfillment of contracts made according to agreements which have been concluded. Stemming from present requirements of scientific and technological progress, the International Development Bank at all stages of its relations with borrowers (during determination of possible facilities to receive credit; analysis of credit requests; conclusion of credit agreements; monitoring their fulfillment during the course of construction; placing in operation and

assimilation of design capacity; and fulfillment of commitments for the export of products from the credit-receiving facilities to the bank member countries) progress criteria and indices of economic effectiveness are applied, which are oriented toward achieving state-of-the-art in scientific and technological progress.

As it improves and develops its activity, the International Development Bank has in mind assisting member countries in carrying out policies for the creation of fundamentally new equipment and technologies; stepping up the introduction of the achievements of scientific and technological progress into production; improving on this basis labor productivity and the technical level, quality and competitiveness of products; and strengthening technical-economic and import independence. Credit policy will be structured taking into account the priority direction of capital investments into the active portion of production funds (machinery, technological equipment); i.e., toward renovation and modernization primarily in the manufacturing branches of industry, as well as taking into account reducing construction times and ensuring that the facilities operate at a high technical and economic level.

The bank will consider possible facilities for the granting of credits from these positions. Special stress in the further development of foreign economic relations among the CEMA countries is being placed on the use of opportunities for mutual cooperation and the creation and introduction of advanced equipment, technology and materials. "What we are talking about now," emphasized M. S. Gorbachev during his visit to the Hungarian People's Republic in June 1986, "is also shifting international cooperation among the socialist countries to an intensive basis; extending it and making it more effective; and renovating the mechanism of political and economic cooperation, including within the framework of CEMA."(1)

An important aspect of accomplishing the assigned missions is more active concentration of the financial resources of the CEMA countries under international management. In its 16 years of existence the International Investment Bank has proven the effectiveness of this sort of concentration. Building efforts in this direction will help substantially intensify in granting credits both to facilities which directly determine scientific and technological progress, and to facilities which support scientific and technological progress in energy resources and raw materials.

Acceleration of scientific and technological progress insistently moves to the forefront the tasks of coordinating the economic policy of the CEMA countries, including in the field of capital construction. In this regard it seems necessary to improve the effectiveness of the investment policy of the CEMA countries.

Intensification and acceleration of the economic development of the CEMA countries, based on the technical renovation of their economies, requires huge capital investments. Undoubtedly these investments will be paid back quickly enough, for reliance is being placed on the employment of fundamentally new equipment, capable of ensuring a qualitative leap forward in the social productivity of labor. However, it is already necessary today to bring about major investments. Therefore, the efforts of the International Development

Bank will be directed at seeking out additional resources for large scale capital investments of this type. This will be done, obviously, not only in the traditional way; i.e., by increasing internal capital and inter-bank borrowing, but also through improvement, modernization and intensification of banking operations, as well as by setting up greater synchronization of returns and payments of credit resources.

Besides this it is possible to combine the resources of the CEMA countries into joint special funds as a form of financial support for the comprehensive program of scientific and technological progress. In connection with this, it is appropriate to use the existing International Investment Bank apparatuses for the practical administration of the special funds, in view of its experience in granting credits to facilities and providing investment measures in the CEMA countries. In granting credits or money from special funds the bank will be guided by the decisions of the lead organizations -- the coordinators of efforts in the priority directions of the Comprehensive Program -- as well as by agreements among the member countries in the funds and the International Investment Bank. The basis for determining the amount of funds allocated by the countries would be the estimated cost of the effort being carried out by each country in implementation of the special-purpose project. The International Investment Bank can take upon itself the function of keeping track of receipts of share payments; computations on the use of joint special funds; and monitoring the construction, expansion and renovation of facilities. Upon completion of the use of the moneys from the fund the International Investment Bank will continue to exercise control until the construction, expansion and renovation of facilities is concluded.

The CPSU Central Committee and USSR Council of Ministers resolution recently approved in the Soviet Union, entitled "On Measures to Improve the Management of Economic and Scientific-Technological Cooperation With the Socialist Countries," will have a positive effect on accelerating the rates of socialist economic integration. This resolution orients the relationship of the Soviet Union with the fraternal countries toward shifting from primarily trade relations to thorough production specialization and cooperation. Direct ties between the associations and enterprises of the countries in the community must be developed extensively in the coming period. The bank is paying great attention to this matter at the present time. In financing enterprises which are implementing direct economic ties, the bank is facilitating the more effective use of economic and scientific reserves which have not yet been put into operation.

The International Investment Bank intends to grant credits to joint enterprises in the socialist countries and to their international economic associations. In its activity the bank takes into account structural changes which are taking place in the sphere of foreign trade of the Soviet Union and the other socialist countries.

The Basic Directions of Economic and Social Development of the USSR for the Years 1986-1990 and the Period up to the Year 2000 states that it is necessary: "To improve and enrich in every way economic coordination with the fraternal socialist countries, based on the consistent implementation of the decisions of the CEMA Economic Summit Conference. To ensure more complete use

of the capabilities of socialist economic integration in solving the most important economic tasks, and in strengthening the unity and cohesion of the countries of the socialist community and of its positions in the world." Through its activity the International Investment Bank is striving to assist actively the accomplishment of these tasks.

Further improvement in the CEMA credit policy mechanism remains an important task at the present stage of credit and financial cooperation. The coordination of actions in this field must be based on a constant foundation and meet the important interests of the fraternal countries.

Restructuring the economy of the CEMA countries requires substantial changes in the investment process. For these purposes, an organizational improvement in the bank structure is being carried out and a more effective mechanism is being developed for granting credits and monitoring facilities being constructed and renovated.

The activity of the International Development Bank is demonstrating great opportunities for credit under conditions of socialist planning, and the bank is filled with resolve to make its contribution to extending the cooperation of the CEMA countries on the paths of scientific and technological progress.

The efforts of the fraternal countries are associated with peaceful construction and normalization of the international situation, which expresses the essence of socialism, which requires stable peace to implement its great creative plans.

#### FOOTNOTE

1. PRAVDA, 10 Jun 86.

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NATIONAL ECONOMIC MECHANISMS COORDINATED WITH INTEGRATION

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian No 1, Jan-Feb 87 pp 75-87

[Article by A. Belovich (CSSR): "Some Questions of Coordinating CEMA Economic Policy"; first paragraph is source introduction]

[Text] This article examines the theoretical and methodological postulates on the essence, necessity, goals, principles and subjects of improving coordination of the economic policy of the individual CEMA countries at the present stage of their development, based on generalization of the theory and practice of the economic policy of the individual member countries. The author devotes considerable attention to the problem of the relationship between the internal (national) economic mechanisms of the CEMA countries and the mechanism of socialist economic integration. In so doing, he allots primary importance as the basis for the coordination of economic policy to internal economic mechanisms, simultaneously emphasizing their continuous connection and interaction with the integration mechanism.

The Economic Summit Conference of the CEMA countries became a new step toward improving their economic mechanism of mutual cooperation. It approved a resolution on "coordination of economic policy by the CEMA countries in fields associated with mutual cooperation, and by interested countries also in other areas of social and economic development, to the extent that these countries consider it necessary." [3, 16 June 1984]

Coordinating individual important elements of economic policy on a multi-lateral and bilateral basis has taken on tremendous importance in the practice of coordination among the states of the socialist community. Conferences and meetings by the leaders of the communist and workers parties of the CEMA member countries; the Basic Principles of International Socialist Division of Labor worked out by these countries; and the Comprehensive Program for the Further Extension and Improvement of Cooperation and Development of Socialist Economic Integration of the CEMA countries aided and continue to aid in its development. Long term special purpose programs for their cooperation; documents from the Economic Summit Conference of CEMA countries; the Comprehensive Program for Scientific and Technological Progress up to the Year 2000; bilateral long-term programs for economic and scientific-technological cooperation up to the year 2000; the coordination of 5-year economic plans, as

well as a number of other documents (for example, general or other agreements) on the main questions of coordinating or combining the efforts of the CEMA countries in solving specific problems of developing their economy, science and technology through cooperation, are playing an essential role in this matter.

At the same time it should be noted that, despite the rich positive experience acquired by the CEMA countries in coordinating individual elements of economic policy, present day tasks facing them, which are associated most of all with shifting the economy to a primarily intensive developmental path, advance new and more complex problems. The need is arising for the creation of a complete, harmonious and interconnected system, and a mechanism for coordinating economic policy. In turn, solving this task requires, first of all, development of the methodological foundations for the coordination of the economic policy of the CEMA countries. It should be recognized that certain important theoretical and methodological aspects of this problem, including those which concern the essence, main subjects, methods and ways of further improving the coordination of economic policy, are still among the least developed. In this regard the question arises: what should be the point of departure, the start point in the development of the methodological foundations for the coordination of economic policy of the CEMA countries?

The majority of scholars in the CEMA countries acknowledge that the economic mechanism for the coordination of these countries, an integral part of which is the coordination of their economic policy, reflects "secondary and tertiary, altogether derivative, carry-over and non-primary production relations"[1, Vol 12 p 735], and from this it follows that the start point for the development of the methodological foundations for the coordination of their economic policy must be sought in the national approaches of the countries to the understanding of the essence, content, objects and entire mechanism of this policy.

The state economic policy means used to develop mutual cooperation and improve its effectiveness are primary, with respect to any international mechanism that is the product of inter-state agreements. Therefore, the degree to which the mechanism for coordinating the economic policy of the CEMA countries functions successfully depends on how substantial the prerequisites for this are in the economic policy of the interested partners and, correspondingly, how ready they are to perceive external impulses.

In this regard, the postulate is fully justified that only an economic mechanism of socialist economic integration that takes into account the actual existing economic mechanisms of the individual members of the socialist community, and does not contradict the laws of their development, can develop successfully. General goals and tasks are established through the national mechanisms, which must be implemented, including through the economic mechanism of integrating cooperation. The goals and tasks of the economic mechanism of socialist integration are being accomplished, in the end, again through the national economic mechanisms of the individual CEMA countries. The national economic mechanisms thus serve as the decisive element in all phases of the functioning of the mechanism of socialist economic integration. At the same time, it should be kept in mind that the primacy of the national

economic mechanisms over the international mechanism does not signify a negation of the influence of the latter on the national mechanisms. Thus, these mechanisms, despite the fact that their development takes place in relatively closed systems, are in a state of continuous interrelationship.

Based on the above considerations, this article attempts to note, through generalizing the theory and practice of economic policy of the individual CEMA countries, as well as their economic and scientific-technological cooperation, certain theoretical and methodological postulates on the essence, need, goals, principles and subjects for improving the coordination of the economic policy of these countries at the present stage of development.

## 1. THE CONTENT AND ESSENCE OF THE COORDINATION OF CEMA ECONOMIC POLICY

Determination of the essence of the coordination of the economic policy of the CEMA countries is a very important and initial stage on the path of studying the problems of this coordination. It is here already that, essentially, the subject and boundaries of further research are disclosed, from which it is necessary to begin in developing scientifically justified recommendations for improving the forms and methods of coordinating economic policy and the mechanism of its development, on both a national and an international scale.

In general outlines, a definition of the essence of such coordination is contained in the Declaration on the Main Directions of Further Development and Intensification of Economic and Scientific-Technological Cooperation of the CEMA Countries. It states that by coordination of economic policy "the CEMA countries mean the development on a collective basis of ways to solve major economic problems that are of mutual interest and important for the determination by each of the fraternal countries of its directions of economic development and cooperation for the long-term future, and the joint determination of paths of direct cooperation in the spheres of science, technology, material production and capital construction." [3, 16 June 1984]

Since, as we noted above, the start point for the development of the methodological basis for the coordination of economic policy should be sought in the national approaches of the countries to an understanding of this policy, let us first examine how some of the countries interpret its essence in the economic literature.

For example, Hungarian economist (D. Kovach) writes that economic policy means the aggregate of the main directions and goals of economic development, and the decisions that determine the means and methods of realizing them, including the organization of necessary measures by the state. In this understanding economic policy is closely associated with the foreign and domestic policy of the countries, and its determination is a task of the party and government. [10]

Soviet scientific literature proceeds from the fact that CPSU policy is the "aggregate of scientific postulates and ideas, goals and tasks, political means, practical measures and purposeful actions, through which the party regulates relations among classes, social groups and nations in the sphere of the economic life of society, and exercises leadership over the economy;" [6]

"... this is a unified process of the development of goals and ways of achieving them, of scientifically based forecasting of the main tendencies of economic development, the development of tasks and methods of struggle by the masses for the creation and development of the material-technological base and production relations of the new society, and the organization and leadership of their actions during the course of daily creative work."[14]

In Czechoslovakian literature there exist several definitions of economic policy, and, in particular, the following: "Economic policy is the aggregate of goals, principles, instruments, methods and measures which have a conscious impact on economic processes and their regulation."[7]

Generalizing the opinions of a number of economists discloses, with some reservations, the following most general and stable features of the concept "Economic Policy of the Party and State:" it is the aggregate of the goals, tasks and principles, which are defined by the party and the socialist state at a given stage of social development for the forthcoming period (for the long-range future and short-term periods), and a determination of the means by which it is planned to achieve the goals and tasks, as well as the appropriate mechanism (instruments, methods), which makes it possible to affect consciously and regulate measures to achieve the planned goals.

As it applies to economic and scientific-technological cooperation, it should be kept in mind, first of all, that we are talking about the planned coordination of sovereign, equal socialist states. "The communist and workers parties of the countries of the community are independent in their economic policy, and in determining the forms and methods of implementing the basic laws of the socialist economy... At the same time, having common goals, they are vitally interested in ever closer coordination of their social and economic strategy..."[3, 15 June 1985]. Cooperation among the CEMA countries is implemented based not on direct planning, but on coordination. The international agreement is the primary legal form of this cooperation. Therefore, coordination will continue to predominate in the future as well, as the main instrument for the introduction of planning in the international sphere.

In its overall form, coordination means the coordination of plans and of the work of various persons. It has the objective of most effectively solving joint (combined) tasks. Consequently, its objective is the coordination of the actions of its participants, in terms of content, scale, time and space, in the fulfillment of their essentially common tasks (in jointly solving some economic problem).

In generalizing all of the above considerations, as well as the practical experience of the CEMA countries, the following definition for the coordination of their economic policy can be proposed. In our opinion, it is the voluntary and systematically implemented activity of interested fraternal countries (on a bilateral or multi-lateral basis) associated with working out goals, tasks, principles and the mechanism jointly, as well as with the allocation of appropriate resources (scientific and technological capability, capital investments, labor, material and financial resources), for the achievement of assigned goals and tasks in solving major economic problems

that are important for each of the fraternal countries to determine the directions of economic development and cooperation for the long term.

Compared to the definition of coordination of economic policy given in the Declaration on the Basic Directions of Further Development and Intensification of Economic and Scientific-Technological Cooperation of the CEMA countries, the definition which we have proposed contains some additional features. First, the concept "on a collective basis," is given an interpretation in which bilateral and multi-lateral cooperation are distinguished.<sup>(1)</sup> Second, the category of joint activity is added in the definition of the goals, tasks, principles and mechanism, as well as the allocation of funds for the achievement of these goals. This can be seen as an interpretation of the provision on "ways of solving," which are mentioned in the Declaration. This approach basically already has a precedent in practice in the form of the Comprehensive Program of Scientific and Technological Progress of the CEMA Countries Up to the Year 2000, the structure of which, as is known, is as follows: goals, tasks, principles, objects and ways of implementation. In our understanding, "ways of implementation" are identical to the "mechanism," and "objects" are identical to major economic problems (in accordance with the Declaration).

## 2. THE NEED FOR THE COORDINATION OF THE ECONOMIC POLICY OF THE CEMA COUNTRIES

Through exploiting the advantages of socialism, and relying on their own forces and mutual cooperation, by the mid 1980s the CEMA countries had substantially increased their economic and scientific-technological capability, and made important structural advances in their economies. The countries of the socialist community, in which 10 percent of the world's population live, are now producing 34 percent of the worldwide volume of industrial products, 34 percent of the world's machine building products [9, p 12], 22 percent of the electric power; 30 percent of the coal; 23 percent of the petroleum (including gas condensate); 38 percent of the natural and associated petroleum gas; 31 percent of the steel; 28 percent of the pig iron; 33 percent of the natural fertilizers and 22 percent of the cement.[5]

Full employment of the able bodied population has been provided. Many most important socio-economic problems are being solved systematically. The successes of the CEMA countries are especially tangible against the background of the economic situation which has taken shape in the world capitalist system and is characterized by crisis phenomena, mass unemployment, inflation, a reduction in the real incomes of the workers and a decline in economic growth indices.

However, along with the substantial successes achieved by the CEMA countries, certain unsolved problems have appeared in the development of their economies, which are holding back the most complete satisfaction of the growing material and spiritual needs of all members of society, and the creation of the best conditions for the all-round development of the individual. We are talking mainly about the lack of correspondence between the volume and the assortment of goods produced and services rendered, on the one hand, and the quality and reliability of a number of goods produced, and level of development of the non-production sphere, on the other. In a number of countries the food

problem still remains unsolved, the infrastructure is insufficiently developed and substantial differences between the city and countryside have not been eliminated. The lag behind the industrially developed capitalist states remains in some important economic indices (labor productivity, energy-intensiveness and material-intensiveness of production, quality, durability and reliability of a number of products). A certain slowing of economic growth rates compared to the 1970s also remains an important problem for the European CEMA countries in the 1980s. To all of this was also added the need to pay debts and interest on credits obtained in the industrially developed capitalist countries.

The reasons for these problems are complex and varied, they have an objective and a subjective nature, and they are based on external and internal factors. Among numerous internal reasons can be noted, for example, more difficult conditions for expanded reproduction. Limits on certain traditional factors of extensive development have become characteristic for many CEMA countries. This refers to providing the work force with raw materials, power and resources, and a reduction in agricultural areas has taken place. A second group of internal causes is associated with a lag in the reorganization of structural policy, and with an insufficient link between the structure of the economy and the demands of scientific and technological progress. In a number of national economies there is observed an extremely wide list of products in the processing industry, which is leading to the retention of a low technical level<sup>(2)</sup> and high costs. As a result of the fact that necessary coordination of the development of the structures of production within the framework of CEMA was lacking, an economically unjustified parallelism of production capacities arose, and, consequently, also the output of goods at less than optimal scales, along with a simultaneous lack of many other products, which necessitates substantial imports (especially of machinery and equipment) from the industrially developed capitalist countries.<sup>(3)</sup>

A third group of internal causes, in our opinion amounts to a lag in the national mechanisms for managing the economy, and in their forms and methods, behind the new conditions of reproduction, and their insufficient help in rapidly introducing scientific and technological achievements into production.

If we speak about external reasons for the problems which have arisen, a number of them, such as, for example, those associated with the acceleration of scientific and technological progress, and the change in the relationship between prices for raw materials and for manufactured products on foreign markets, are worldwide in nature. These reasons arose back in the 1970s. Competition has sharply intensified on the world market, and requirements for the technical and economic level of products have increased. Under the influence of the crisis state of the capitalist economy, markets are shrinking, protectionism is intensifying, various discriminatory measures and sanctions against the socialist countries are being employed, interest rates on credit are being deliberately inflated by the U. S., and the exchange rate of the American dollar is being artificially raised too high.

But, despite all the significance which external factors have for the CEMA countries, we must not overestimate their impact on ensuring the effective

development of the productive forces of these countries. Elimination of the internal reasons for the problems is to play the decisive role here. The transition of the majority of the CEMA countries from extensive to predominantly intensive economic development will give special importance to measures of economic policy that are aimed at more efficient use of all economic growth factors.

Along with disclosing internal reserves for improving the economic effectiveness of social production, the need is arising for an expansion and intensification of participation by the CEMA countries in the international division of labor. This is associated with the fact that one of the important reasons that the above indicated problems in the development of the economies of the socialist countries have arisen is, in our opinion, their insufficient use of the benefits of participating in the international division of labor. Analysis of data on export volume per resident of individual CEMA countries and approximately equivalent industrially developed capitalist states, from the standpoint of population size, as well as data on their share of world exports, shows that, compared to the capitalist states, the economic systems of the CEMA countries are thus far distinguished by a lower level of inclusion in the international division of labor (see table). There is a clear lack of correspondence between the CEMA countries' share of world industrial production (34 percent) and their share of world trade (10.3 percent). Despite a growth in exports per resident in the CEMA countries during 1970-1974, there remains a gap between the small socialist states and the capitalist countries of approximately equal population size. There is reason to assert that during the 1970s and 1980s no increase has been observed in the share of the exports by CEMA countries of products which meet world quality and technical levels. This again confirms that the problem in the socialist countries is not so much one of increasing the quantity of goods produced, as it is of ensuring their high quality and competitiveness on world markets.

The most important conditions for solving the main economic problems of the CEMA countries are more effective use of all growth factors; ensuring their maximum possible return; all-round intensification of social production on the basis of accelerating the use of the achievements of the scientific and technological revolution; reducing the power, material, capital and labor intensiveness of production; as well as accelerating structural changes in the economy. As Comrade N. I. Ryzhkov, chairman of the USSR Council of Ministers, noted justifiably at the 41st CEMA Session meeting, "We have no alternative to scientific and technological progress." [3, 18 December 1985].

The creation and assimilation of major, fundamentally new scientific discoveries and developments require the concentration of substantial resources and entail, as a rule, reorganization of the production apparatus. Today substantial structural advances in the economy are being readied in all the CEMA countries. Most importantly, the relative share of science-intensive branches and leading branches from the standpoint of modern production is increasing. Capitalist investments in the fuel and energy complex are growing. Major structural changes must take place throughout industry, most of all in machine building. The structural reorganization and modernization of the economy of each socialist country are distinguished basically by an identical thrust and certain analogy. Therefore, they require greater

coordination among the socialist countries in determining the goals, tasks, nature and socio-economic consequences of the structural reorganization that is being accomplished. In this regard, more complete utilization of the advantages of the division of labor among CEMA countries is becoming one of the main prerequisites for improving the effectiveness of their structural policy.

#### Volume and Share of Exports in World Exports (1970-1984)

Country	Population in 1984 (millions)	Exports per Resident (in U. S. dollars)			Share of World Exports (%)		
		1970	1980	1984	1970	1980	1984
Bulgaria	9.0	236	1121	1485	0.6	0.5	0.7
Hungary	10.7	224	810	902	0.7	0.4	0.5
GDR	16.7	268	1034	1425	1.5	0.9	1.3
Cuba	10.0	123	563	781	0.3	0.3	0.4
Poland	36.9	109	478	318	1.1	0.8	0.6
Romania	22.6	91	514	525	0.6	0.6	0.6
USSR	275.1	53	288	365	4.1	3.6	5.3
CSSR	15.4	265	973	1142	1.2	0.7	0.9
Norway	4.1	633	4534	4570	0.8	0.9	1.0
Finland	4.9	500	2961	2742	0.7	0.7	0.7
Denmark	5.1	667	3357	3181	1.0	0.8	0.9
Switzerland	6.4	832	4652	3949	1.6	1.5	1.4
Austria	7.5	385	2329	2082	0.9	0.9	0.8
Sweden	8.3	845	3722	3519	2.2	1.5	1.5
Belgium & Luxemburg	10.2	1160	6327	5076	3.7	3.2	2.9
Holland	14.4	904	5230	4556	3.8	3.7	3.5
Canada	25.1	756	2718	3449	5.1	3.2	4.6
France	54.9	353	2069	1694	5.7	5.6	4.9
Britain	56.4	349	2057	1676	6.2	5.8	5.0
FRG	59.3	584	3237	2797	10.9	9.9	9.1
Italy	57.0	346	1361	1279	4.2	3.9	4.0
Japan	120.0	185	1112	1414	6.2	6.5	8.9
U. S.	236.6	208	970	919	13.7	10.8	11.5

Note: Source [15, 1983, pp 487, 550; 1985, pp 524, 528, 591]

Life demonstrates that in the modern world no single country can master all types of production at economically optimal scales and at a high technical level. As Comrade M. S. Gorbachev noted justifiably at a meeting in the Kremlin with the heads of governmental delegations and central committee secretaries of the fraternal parties participating in the work of the 41st (Special) CEMA Session, "National tasks are solved both more quickly and more effectively when the capabilities and goals of the entire community are taken into account, and if there is reliance on our common capability." [3, 18 December 1985]. The socialist community has everything necessary to solve the new and more complex task: solid scientific and material-technological base; a planned economy; and rich experience in cooperation. "However, it should be

recognized with full frankness," noted Comrade N. I. Ryzhkov at the 41st CEMA Session conference, "that the opportunities for scientific and technological progress, and for jointly solving scientific and technological problems, are being far from adequately used by the socialist countries." [3, 18 December 1985]. The forms of coordinating planning and economic activity that are being employed do not yet provide sufficient coordination of the economic development of our countries or the necessary complementarity of their economic structures, or the coordinated creation and development of production capacities.

Implementation of the goals and tasks defined in the Comprehensive Program of Scientific and Technological Progress of the CEMA Countries Up to the Year 2000, as well as of other most important directions of cooperation, requires a comprehensive approach, calculated for a longer period of time. Along with solving such problems as questions about production volumes, consumption and forms of mutual assistance, the role of coordination is growing in providing appropriate economic conditions for cooperation (questions about prices in mutual trade, credits, currency policies and determining the economic effectiveness of different forms of cooperation).

In the present political situation the need is becoming ever more obvious for combining the efforts of the CEMA countries in jointly solving their common problems, as well as in improving the mechanism for coordinating their actions with respect to the industrially developed capitalist and the developing states, in order to eliminate uncoordinated and parallel purchases of licenses and equipment, and competition in the markets of third countries. This is especially important under conditions of growing protectionism in world capitalist trade, which is hampering the development of industrial and commercial ties between the CEMA countries and the capitalist states.

The shift by the CEMA countries from extensive to primarily intensive economic developmental paths anticipates the further expansion and intensification of their mutual economic and scientific-technological cooperation. This is stipulated by the fact that the comprehensive intensification of an economy is achieved when its internal state aspects are supplemented by external economic aspects. This relates to the fact that the development of cooperation within the CEMA framework is becoming an integral part of the process of economic intensification in the individual countries, and the latter is associated, in turn, with the internationalization of economic life, which brings about an effective solution to the most important socio-economic problems of each interested member of the socialist community. At the same time, it should be kept in mind that if countries lack the internal conditions for intensification of their economies, foreign economic ties cannot replace them sufficiently.

The present requirements of the CEMA countries are not for simple growth in the dynamics of foreign trade exchange and the number of foreign economic measures, but for gradual improvement in the effectiveness of all forms of economic and scientific-technological cooperation. The shift to the intensive developmental path by the national economies of the CEMA countries also assumes intensification of their coordination, directed at more effective use of all the factors of economic growth. Further improvement of both the

national economic mechanisms for controlling the economy, and of the economic mechanism for mutual cooperation of the CEMA countries must assist in this.

Further improvement in the economic mechanism of mutual cooperation, on the basis of coordination of the economic policy of the CEMA countries, is called upon to assist in effectively solving the main problems that exist in these countries. The need to speed up the use of the achievements of scientific and technological progress, carry out structural policy more effectively, and coordinate actions with respect to third countries, requires enrichment of the existing arsenal of means and forms of coordination of the fraternal socialist countries, in the first place by intensifying their cooperation in the coordination of economic policy. Such cooperation makes it possible to outline jointly the ways of solving major economic problems that are of interest to and important for each of the fraternal countries, and to define the direction of economic development and cooperation for the long term, as well as ways of direct cooperation in the spheres of science, technology, material production and capital construction. In the end, this is important for the concentration of forces and resources in key areas, and for overcoming parallelism and duplication in production, scientific research, design and construction efforts.

### 3. GOALS, PRINCIPLES AND SUBJECTS FOR THE COORDINATION OF THE ECONOMIC POLICY OF THE CEMA COUNTRIES

Determination of goals is a primary and decisive part of the economic policy of the CEMA countries, as well as of its coordination among interested partner countries. It means not only determining the final goal in solving specific common problems, but also forming goals for each individual stage in the course of their solution. In this way an integrated system, or hierarchy, of goals takes shape during the coordination of economic policy, which makes it possible to determine correctly time periods and sequence, as well as the priority for solving the tasks of interested countries. A most important role in determining the goals for the coordination of economic policy is associated with the fact that these goals derive from thorough analysis of needs, interests, the influence of various internal and external factors, and objective and subjective conditions of reproduction, including the volume and assortment of resources that interested CEMA countries can allocate to an effective solution of this problem. Goals should reflect the primary and realizable results that are to be achieved, and the main ways of achieving them.

Defining goals for the coordination of economic policy is also important because the selection of the forms and methods, the whole economic mechanism and other conditions for implementing the goals depends on them. The methods and instruments for implementing a coordinated economic policy can achieve the desired success only when they are structured in accordance with the chosen goals.

Karl Marx, in the foreword to his work, "Toward a Criticism of Political Economy," wrote that society "always poses for itself only tasks which it can solve, since under closest examination it always turns out that the task itself arises only when the material conditions for solving it are already

apparent, or, at least are in the process of appearing."[1, Volume 13, p 7] At the present stage of the construction of socialism and communism the CEMA countries are striving most of all to accomplish the tasks of accelerating social and economic progress and improve the level of well being and quality of life of their citizens, including a substantial improvement in the conditions of work and life, further development of culture and education, and more complete satisfaction of the needs of the population.

The goals of intensifying and improving economic and scientific-technological cooperation and developing socialist economic integration, which are formulated in such basic documents as the CEMA Charter; the Comprehensive Program for the Further Intensification and Improvement of Cooperation and the Development of Socialist Economic Integration of the CEMA Countries; and the Declaration on the Basic Directions of the Further Development and Intensification of Economic and Scientific-Technological Cooperation of the CEMA Countries, are of fundamental importance in defining the goals for the coordination of economic policy.

The following goals and tasks for the coordination of economic policy of the CEMA countries are defined in the Declaration on the Basic Directions for the Further Development and Intensification of Economic and Scientific-Technological Cooperation of the CEMA Countries: "All of this activity," it states, "should help mobilize the capabilities of the countries and strengthen their mutual cooperation, to achieve dynamic and harmonious development of the economy of each country and the whole community of CEMA countries, on the basis of all-round intensification of production and introduction of worldwide achievements of scientific and technological progress, and should help provide necessary resources, in particular fuel, power, raw materials, food and industrial consumer goods, and modern machinery and equipment, and active participation of the CEMA countries in the international socialist and world division of labor; and speed the processes of leveling their economic development."[3, 16 June 1984]

The Basic Directions of Economic and Social Development of the USSR for 1986-1990 and the Period Up to the Year 2000, notes that it is necessary to: "carry out with the fraternal countries within the CEMA framework and on a bilateral basis coordination of economic and scientific-technological policy, to provide a joint, effective solution to major problems in the spheres of science, technology, industry, agriculture, protection of the environment, transport, capital construction, and to seek new forms and opportunities for the development of specialization and cooperation in production, mutual trade and other types of cooperation."[2]

The program for long-term economic and scientific-technological cooperation between the USSR and CSSR for the period up to the year 2000 discusses the need "to take a new step in coordinating economic policy, through the joint solution of major economic problems, which are of decisive importance in working out the directions of social and economic development and cooperation for the long-term, and implementing direct cooperation in the fields of science, technology, material production and capital construction."[4]

Soviet economist K. I. Mikulskiy notes that "A most important result of the coordination of economic policy, obviously, will be especially a system of measures coordinated by the countries of the socialist community in the field of strengthening the complementarity of the economic structures of individual countries and increasing the effectiveness of international specialization and cooperation of production in the socialist community." [12]

Another Soviet economist, Yu. S. Shirayev, writes that "The goal in coordinating economic policy is to improve the effectiveness of the use of the economic and scientific-technological capability of each of the CEMA countries, and of their community as a whole, and to help accelerate scientific and technological progress and the consequent shift of the economies of the countries to a primarily intensive developmental path." [13]

We share the above stated viewpoints on the goals and main tasks of coordinating the economic policy of the CEMA countries. At the same time, we would like to direct attention to three things. First, the whole sphere of economic policy of the CEMA countries is not subject to coordination. From this it follows that the countries will not coordinate the basic goal of their economic policy, which derives from the action of the basic economic law of socialism, as well as its main tasks, the determination of which is a sovereign matter for each country and is not directly related to the development of cooperation. Second, the coordination of economic policy is an integral part of the whole economic mechanism of mutual cooperation of the CEMA countries and, therefore, the main goals of its coordination must take into account the goals and tasks of coordination for the specific stage of development, in accordance with documents approved by CEMA organs. Third, the coordination of economic policy has its special goals at various levels of management. At the same time, in our view, it also has a specific goal: providing necessary competitive, high quality goods and services, based on strengthening the complementarity of the production structure of the socialist inter-state economic system. The basic goals and tasks of coordinating the economic policy of the CEMA countries can only be implemented based on justified socialist principles of mutual relations, found in the CEMA Charter, the Comprehensive Program for Further Intensification and Improvement of Cooperation and Development of Socialist Economic Integration of the CEMA Countries, and other documents. We are speaking about the principles of socialist internationalism, respect for state sovereignty, independence and national interest, non-interference in the internal affairs of other countries, complete equality, mutual advantage and comradely mutual assistance. These principles establish the foundation and framework not only for intensification of cooperation among the CEMA countries, but also for their participation in the international division of labor and the world community.

The question of the subjects of coordination of economic policy is an important methodological question. The subject of economic policy at the national economic level in the CEMA countries is the state. As for individual branches or departments, for example, they are objects of the economic policy of the state. The subject of policy within the framework of a branch or department is the corresponding management organ (ministry, etc.). In this regard, it can be considered that the coordination of economic policy is a

thoroughly differentiated structural system from the standpoint both of its subjects, and its objects. This process is becoming multi-layered structurally, with the participation of subjects of various levels in its coordination. However, even with respect to the coordination of economic policy at the level of the lowest economic subjects, the state will ensure the observance of the priority attainment of nationwide goals, so that this process leads not only to maximum effect for the coordinating subjects, but also to the attainment of maximum national economic effect.

The objectivization of economic criteria makes it possible to assess realistically opportunities for saving national labor on a statewide scale and within the sphere of actions of primary level economic subjects, as well as to motivate them with consideration for the interests of society. The elimination of shortcomings within the field of prices, currency policies, etc. (within the framework of the national management mechanism, as well as the mechanism for managing socialist economic integration) is a method for overcoming rapidly contradictions between statewide and local goals, as well as between national goals and those of the socialist community as a whole.

The above considerations do not signify, however, a requirement for any sort of sharp turn in the practice by which economic policy of the CEMA countries is coordinated. We are talking about coordinating on the inter-state level large scale, priority tasks in the field of economic and scientific-technological policy, which require the concentration of huge resources and strict monitoring of the fulfillment of commitments. As a rule, large capital investments and, consequently, making decisions about them in the central state control organs and working them out within the framework of the corresponding CEMA organs, are necessary for implementing measures in this field.

At the same time, it should be kept in mind that the need to coordinate economic policy may arise in the solving of problems common to several interested CEMA countries, and that involve multiple economic branches. For example, specialization in the production of tractors must be directly associated with solving the food problem in the countries, which may be achieved as a result of the coordination of a number of branches that support the development of agriculture. The principle of carrying out large scale cooperative measures in blocks of branches also stems from the growing role of inter-branch problems. And it is namely the national economic (governmental) and not the cost accounting (enterprise) level that guarantees interrelated actions by individual branch elements of economic management in solving final goals, and makes it possible to overcome bureaucratic barriers, which are unavoidable given a branch approach. In this regard, we would like to direct attention to the speech by the president of the CSSR Government at the 41st (Special) CEMA Session meeting (December 1985), in which he noted that "The nature of questions which are being solved by the member countries in mutual cooperation is changing noticeably. They do not concern merely individual branches, but are of an inter-branch nature, and touch all processes of reproduction. This is a natural reflection of the fact that the economies of the CEMA countries have moved to a higher level of development." [3, 18 December 1985]

This does not signify a desire to shift the solution of all problems that arise in the process of coordinating economic policy to the governmental or branch level. Such an understanding of this question could overburden the corresponding organs, reduce the effectiveness of the implementation of many measures, and in the final analysis, dissipate forces and resources and increase the time required to implement corresponding coordinating measures.

In connection with this, the following conclusions can be drawn about the role of subjects in the process of coordinating the economic policy of the CEMA countries:

a) Organs on the national economic and branch level, including inter-branch organs (permanent or temporary) are to continue to play the decisive role in solving basic economic problems that require inter-governmental coordination among the countries of the socialist community;

b) some increase in the role of economic organizations may be expected in the preparation and implementation of decisions made at the governmental or branch level by interested CEMA countries, as well as in setting up direct ties among appropriate combines (associations) in jointly solving problems that require small investments (for example, the joint reorganization or modernization of enterprises; creation of certain additional capacities for the production of goods, aggregates or parts through joint efforts or entirely by individual participants, within the framework of implementation of agreements on MSKP [International Specialization and Cooperation of Production]).

The scale and diversity of the tasks being accomplished today by the CEMA countries require further improvement in the activity, both of organs at the national economic and branch level, and of economic organizations, in setting up economic ties. The very nature of coordination of the economic policy of the CEMA countries anticipates that the decisive role will be played by state organs in the process of this coordination. We are speaking primarily about the guiding and organizing role of these organs in the development of long-term comprehensive programs of cooperation, and in making decisions on basic measures stemming from them during the course of implementation of major economic tasks of these countries, through the further intensification of their cooperation. The effective and timely solving of this problem also anticipates the active participation, both of branch organs, and of economic organizations, not only in the process of implementation but also in that of the development of appropriate measures to coordinate the economic policies of the CEMA countries.

The need for more effective fulfillment of the tasks posed by the Economic Summit Conference of the CEMA countries, as well as by the congresses of the communist and workers parties of the fraternal socialist states held in 1984-1986, demands at this time improvement, both in the national economic mechanisms and in the economic mechanism for cooperation within the framework of the socialist community. An important direction in the latter will be strengthening the coordination of economic policy by the CEMA countries. Apparently, implementation of this will require the development of its own mechanism.

## FOOTNOTES

1. The long-term bilateral programs of economic and scientific-technological cooperation between CEMA countries up to the year 2000 also contain a provision on coordination of economic policy.
2. In the early 1980's the Hungarian People's Republic assimilated twice as many machine building products as were removed from production. In the early 1980's the GDR produced approximately 65-70 percent of the worldwide product list of machinery and equipment. By the start of the 1980's the CSSR produced approximately 70 percent of the world machine building product list, and the capabilities of the scientific research and technological base did not permit the country to maintain the entire assortment at the necessary technological level (see [9, pp 42, 52, 111]).
3. Indebtedness of the European CEMA countries to the industrially developed capitalist states reached \$80 billion by the start of the 1980's (see [8]). During 1980-1984, owing to the adoption of many energetic measures, it was reduced to \$12.6 billion (see [11]).

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CEMA PROGRESS IN DIRECT PRODUCTION TIES DETAILED

Moscow VESTNIK STATISTIKI in Russian No 3, 1987 pp 39-46

[Article by S. Kolchin, candidate of economic sciences, senior research assistant, IEMSS [Institute of Economics of the World Socialist System], USSR Academy of Sciences: "The Development of Direct Production Ties -- Future Direction of Economic Integration of the CEMA Countries"]

[Text] Direct production ties among CEMA enterprises, associations and organizations are among the most important forms of integration cooperation, meeting present day tasks. This fact was particularly noted in the Declaration on the Main Directions of Further Development and Extension of Economic and Scientific and Technical Cooperation of the CEMA Countries, approved at the CEMA Economic Summit Conference: "Conference participants consider broad development of cooperation in production and establishment of direct ties among associations, enterprises and organizations to be an important direction in improving the mechanism of economic cooperation and making it more effective. For these purposes the CEMA countries will take steps to grant them needed authority and to create appropriate conditions for cooperation. Favorable conditions will also be created for the establishment of joint firms, enterprises and other international economic organizations, on the basis of economic accountability [khozraschet]."(1)

Based on the fundamental assessment of the importance of cooperative and direct ties given in the new edition of the CPSU Program, a number of specific resolutions have been made, regulating the procedures under which economic entities take part in these ties, their rights, duties and delimitation of functions by the different levels of economic management.

In the Soviet Union the basic prerequisites for the development of the practice of direct ties were set down back in 1981 by the USSR Council of Ministers Resolution, "On Future Improvement of Cooperation by USSR Ministries and Departments, Associations, Enterprises and Organizations With Corresponding Organs, Enterprises and Organizations of the Other CEMA Countries in the Fields of Science, Technology and International Specialization and Cooperation in Production." It was established that all-union industrial associations, the Zagranpostavka [foreign delivery] Association, production and scientific-production associations, enterprises

and organizations may, with authorization from the USSR branch ministries and departments to which they are subordinate, on the basis of economic agreements on cooperation, implement direct production and scientific-technological ties with organizations and enterprises in the other CEMA countries, to honor Soviet commitments which arise from international contracts (agreements) by the USSR with these countries, as well as develop intra-branch cooperation.

In 1984 a USSR Council of Ministers resolution was approved, entitled "On Measures to Create Conditions Necessary for the Development of International Production and Scientific-Production Intra-Branch Cooperation and to Improve Direct Ties Among Ministries, Departments, Associations, Enterprises and Organizations of the USSR and the Other CEMA Countries." This document defines the specific functions and tasks being resolved by economic elements at various levels, from ministries to enterprises. At the branch level, direct ties must ensure its coordinated development within the framework of the entire community, taking into account the prospects for coordination and the interests of all its participants. Questions associated with the specific content of direct production ties are under the jurisdiction of the direct participants in cooperation -- the enterprises and associations. They determine the most topical and promising directions for the establishment of cooperative contacts, prepare proposals on the inclusion of targets for direct ties in annual and five-year plans and implement information exchange with their partners in cooperation. Enterprises and organizations participating in direct ties are tasked to improve especially the production of fundamentally new types of products and technologies, using the advantages of cooperation, and to increase the output of products that meet the highest world standards. Responsibility has been placed directly on them for the fulfillment of plan targets and Soviet commitments in international cooperative agreements which have been concluded. The primary economic element provides for: introduction into production of advanced experience of its partners; coordination of plans for capital construction and distribution of resources; rendering mutual assistance in setting up manufacturing equipment and introducing new technologies; and carrying out joint scientific research and design efforts on problems associated with international intra-branch cooperation in production and improving its organization.

These resolutions also contain provisions which define the procedure for undertaking statistical surveys of the development of direct ties. They shall be based on the already existing practice of evaluating specialization and cooperation in production. However, innovation and the specific nature of direct ties as forms of integration cooperation will, undoubtedly, require certain adjustments in statistical practice, not only on the international, but also on the national level. Some steps in this direction have already been undertaken. For example, the specific principles for recording shipments of products under subcontracting arrangements in CEMA foreign trade exchange, based on their special indexing found in appropriate documents, have been defined. Thereby a base is being created for distinguishing cooperative exchange from the overall volume of deliveries made within the framework of specialization. But, since the goals of direct ties are, most of all, the direct coordination and synchronization of production processes of the cooperating enterprises, and strengthening of the international nature of production, it is especially important to extend the statistical description

of these ties in namely the aspect of production. Otherwise it is impossible to assess fully the results of this form of cooperation. Naturally, in this case collection and analysis of statistical information must be made not by USSR Minvneshtorg [Ministry of Foreign Trade] and foreign trade associations, but by branch ministries and the associations of Zagranpostavka subordinate to them, which directly organize and coordinate the development of direct ties in the branches. Necessary information can also be obtained from their existing reporting on production and deliveries of goods for export, if its analysis is expanded. Selective surveying of enterprises actively participating in direct ties with partners from the countries of the socialist community may be useful in assessing the effectiveness of this form of cooperation.

Also important is the task of statistical description of direct ties as a factor in the acceleration of scientific and technological progress. Obviously, a solution may be found in the development of statistical indices, characterizing the implementation of the Comprehensive Program of Scientific and Technological Progress of the CEMA Countries Until the Year 2000.

An all-round, comprehensive statistical description of the development of direct ties at all stages of the "science - technology - production - sale" process will, in our opinion, make possible thorough and all-round assessment and effective monitoring.

Let us discuss the matter of such importance for statistical study of defining the concept of "direct ties" itself.

Official documents approved in recent years, which regulate the procedures for establishing and methods of developing direct production ties among enterprises and organizations in the CEMA countries, introduce clarity into the interpretation of this concept. The fact is that the sphere of implementation of direct ties is often viewed more broadly than economic cooperation. Direct ties encompass the entire spectrum of international contacts in the economic, scientific-technological and social spheres. They are substantially differentiated in terms of forms, scales and methods of implementation at different levels of the organizational structure of the national economies. If we are speaking about the entire gamut of direct ties in the CEMA community, they include both direct economic forms (joint planning activity at the level of branches, sub-branches and separate producers; coordination of investment and production programs; cooperative relations in the course of the production process; coordination in post-production servicing -- installation, adjustment and repair of equipment; joint measures for product sales; cooperation within the framework of international economic organization, etc.), as well as the complex of scientific and technological ties (the sharing of technical documentation and the results of research; standardization of the most important types of products; joint scientific developments; cooperation in the acquisition and assimilation of patents and licenses). Moreover, forms of direct contact should also be included here: international socialist competition; exchange of experience and production brigades; and a number of other relationships (of a socialist nature), which go beyond the framework of purely scientific-technological and economic cooperation. However, given the whole breadth of the spectrum of direct ties, it is also necessary to keep in mind their more specific content, which

defines the statistical tasks facing the countries of the socialist community -- to turn the 1980s into a period of intensive production and scientific-technological cooperation. In this sense, the essential mark of direct ties -- an effective form of cooperative relations being established among the economic complexes of the CEMA countries and at various structural levels, (from branch to enterprises), in connection with joint scientific-technological developments, technology and the results of production, and exchange of products, and having as its goal the creation of stable and effective cooperative production at a high technical level within the framework of an integrated community -- is moving to the forefront. It is precisely from this interpretation, in our opinion, that we should proceed in defining direct ties as an object of statistical study. In this regard, we note that direct ties are not an alternative to the activity of central planning and foreign trade organs or to the contractual international specialization in production which has been established, but are an element in the mechanism of cooperation, which substantially expands the opportunities for economic cooperation within the framework of the international socialist division of labor, and which makes it possible to adapt production more effectively to contemporary requirements of scientific and technological progress. In particular, one of these requirements is the fact that, in the production sphere, questions of a unified technology policy and the effective introduction of the most progressive technological processes must come to the forefront. In this sphere the socialist countries still have substantial reserves for stepping up cooperation and improving its effectiveness. And here, naturally, efforts on an inter-governmental level are insufficient. Intensification of exchange and mutual contacts on the most varied levels, especially among the direct executors of this exchange and these contacts. Cooperative and direct ties within the framework of CEMA are called upon to become an effective means of achieving technological unity, and a substantial advance in the practical application of the results of scientific and technological progress. The practice of cooperation confirms that the most effective, dynamic and stable development of direct ties is achieved in those industries where new, technologically advanced and competitive products are the objects of cooperation. Guaranteed demand for these products is a real incentive for mutually advantageous and constantly expanding contacts.

It must be said that some practical experience has already been acquired in the CEMA countries, which makes it possible to make a positive assessment of the results of the development of direct production ties among cooperating enterprises. The Soviet Union, with its most rich industrial and scientific-technological capabilities, is an active participant in such ties. However, even for the USSR questions of making use of the leading experience and achievements of enterprises in the CEMA countries are very topical.

An example of Soviet-Bulgarian production cooperation is the creation of transporting and loading systems by Soviet and Bulgarian machine builders, which are being used successfully at the Kama automotive factory. First joint design bureaus were created; then machine building enterprises in the NRB [People's Republic of Bulgaria] and more than 20 machine tool manufacturing factories in the USSR were brought in to the effort. Thus, a new industry was created in Bulgaria with highly competitive products on the world market. Another example of direct ties is the cooperation between the Gidroapparat

production association in Ulyanovsk, and the Bulgarian association, Gidravlika, which is being expressed in the sharing of technical documentation, rationalization proposals and production management experience. The organization of an inter-factory coordinating council by the machine building scientific-production association imeni M. V. Frunze in Sumy, and the chemical machine building economic combine in Khaskovo (NRB) also pursue these objectives. The solving of complex scientific and technological problems is also being stepped up with the assistance of direct ties. Thus, on the basis of the General Agreement on Scientific and Technological Cooperation between the Institute of Electric Welding imeni Ye. O. Paton, UkSSR Academy of Sciences, and the Institute of Technical Cybernetics and Robotics, Bulgarian Academy of Sciences, an industrial robot was developed for arc welding, which has an original control system.

Soviet-Hungarian direct ties are developing successfully in transportation machine building, the chemical industry and other branches. In particular, cooperation in the production of buses provides for deliveries of front-axle assemblies from the USSR to Hungary in exchange for finished products -- buses. In turn, the Hungarian enterprise (Raba) fits rear-axle assemblies on buses of Soviet manufacture. The development of a technology for quenching bearing rings, which eliminates the loss of metal for cuttings, was the result of direct cooperation between the First State Bearing Factory in Moscow and the bearing factory in Debrecen (VNR) [People's Republic of Hungary], which reduced the expenditure of metal by 20 percent. In the literal sense direct ties are characteristic of the relations between the Kaluga Production Association Khlorvinil, and the Tissy Chemical Combine, which are linked by ethylene wires. The partners constantly coordinate and effectively specify the amounts and technical parameters of the ethylene supplies, coordinate schedules for stopping equipment for repair, etc.

Substantial positive experience has been acquired in production ties between the USSR and the GDR [German Democratic Republic]. A result of direct cooperation with the Fritz Hekkert combine was the introduction into the Ivanovsk Machine Tool Manufacturing Production Association imeni 50th Anniversary of the USSR of its experience in the organization of sectors of NC [numerically controlled] machine tools, the use of advanced methods and new materials for painting machine tools and a number of other technical innovations. Cooperation between the Klimovsktekmash (USSR) association and the Tekstima (GDR) combine in cooperative production of highly efficient multi-jaw weaving machines has been characterized by major achievements. The latter has also set up contacts with the Podolsk Sewing Machine Production Association, Podolskshveymash, of the USSR Minlegpishchemash [Ministry of Machine Building for Light and Food Industry and Household Appliances]. Unique compounds Polymer-50 and Polymer-60 for the production of high pressure polyethylene have been developed and constructed based on direct ties between chemists in the USSR and GDR. Cooperation between the all-union association of the photographic chemical industry, Soyuzkhimfoto, and the (Wolfet) photochemical combine is developing within the framework of the Assofoto bilateral organization. During 1975-1980 average savings from this cooperation were 800,000 rubles for the Soviet partner and approximately 2.3 million marks for the German partner. In agricultural machine building, cooperative production of the KS-6 sugar beet harvesting combine has been set up on the basis of

jointly developed technical documentation. The Soviet Union is producing the diesel engine, chassis and transmission, and the GDR is manufacturing the lifting apparatus (transporter, hopper and cab). Examples of successful direct ties between the two countries also exist in light industry, in particular between the Moldavian experimental production association, Floare, and the Intra shoe manufacturing association in the GDR. This made it possible to set up high-quality production of shoes and woolen carpets.

The strengthening of direct ties with Soviet enterprises greatly facilitated stabilization of Polish industry in the early 1980s. These ties have been particularly stepped up in recent years. In 1984 alone more than 20 agreements were concluded on direct cooperation between enterprises in the PNR [Polish People's Republic] and the USSR. The Odessa Heavy Crane Construction Factory imeni Yanvarskoye Vosstaniye and the Nikopol Order of the Badge of Honor Crane Building Factory imeni Lenin established cooperative production with the Bumar machine building factory and the Famaba and Bumar-Fablek factories in the PNR. Direct ties between the Warsaw factory Ursus and the Minsk Tractor Factory imeni V. I. Lenin are developing and strengthening. The foundation for these ties was laid back in the 1960s. A three-year cooperative agreement between them providing for exchange of technical documentation, training of specialists and mutual assistance in the introduction of new equipment opens a new stage in their ties. Ties between the Polish Gravi Association and the related Lithuanian Granitas association of road construction materials enterprises are stable. The Soviet machine building giant, KamAZ, is linked by cooperative relations with the Polmo factory, which manufactures brakes. In March 1984 an agreement was signed on cooperation in expanding the sharing of experience and inter-factory ties in the field of the technical developments and modernization of brakes.

The Czechoslovakian concern Skoda and the Soviet production associations Izhorskiy Zavod, Nevskiy Zavod and Kharkovskiy Turbinnyy Zavod, which are developing nuclear-powered machine building, are closely cooperating. Their cooperation is necessary for implementation of programs for the creation of the VVER-440 and VVER-1,000 water-cooled reactors, which are the foundation of the joint CEMA program for the construction of nuclear power stations. Contacts between the Tula precision machine building factory and the Czechoslovakian (Eliteks) textile machine building association in organizing cooperative production of Jacquard machinery in the precision machine building factory in Tula and their delivery to the CSSR have been set up in another branch of machine building -- the production of machinery and equipment for light industry. In the electric power industry direct ties have been set up between the ChKD-Elektrotehnika factory (CSSR) and the Leningrad production association, Elektrosila, which established a joint scientific and technical council to coordinate their efforts.

The creation of joint international economic associations, firms and enterprises of the CEMA countries is a rather effective way of organizing direct ties. Within the framework of these organizations, countries in the socialist community are successfully coordinating their activity in various branches of production, and opportunities are being created for coordination and implementation of direct ties on a multilateral basis. At the present time several dozen different international economic organizations of the

socialist countries are functioning. They are called upon to help strengthen and develop direct interaction among production elements at various levels on the basis of cooperation, as well as to improve its effectiveness.

The Comprehensive Program of Scientific and Technological Progress of the CEMA Countries up to the Year 2000 (subsequently called the Program in this article), approved at the 41st (special) meeting of the CEMA session, is opening up broad new horizons of cooperation in the field of direct production ties among the countries of the socialist community. As is known, it defines future tasks in the development of scientific-technological and economic cooperation on the basic, most important directions of scientific and technological progress: introduction of electronics into the economy; comprehensive automation; atomic power; the introduction of new materials and technologies for their production and processing; biotechnology; as well as ways to implement them. Thus, the parameters have been marked which, when achieved, will bring the economies of the CEMA countries to the level of the front lines of world scientific and technological progress. In particular, implementation of the Program in the field of electronics introduction is expected to increase significantly the average annual growth rates of national income and labor productivity in all spheres of activity, and reduce 1.5-2 fold the material and energy intensiveness of production. The use of computer systems will make it possible to reduce two or three-fold the time required for the development and implementation of scientific programs and technical engineering projects, through the implementation of the Program in the field of comprehensive automation of production. Plans are to reduce approximately 1.5-fold the costs of product design and manufacturing; provide broad interchangeability of aggregates and modules manufactured in the CEMA countries and lower by half the labor-intensiveness of their manufacture. In such spheres of activity as lifting and transporting, loading-unloading and supply operations, the use of automated equipment should increase labor productivity no less than four-fold. Time required for technological preparation of production should be substantially (1.5-2 fold) shortened. The creation of flexible automated production systems and their introduction into the economy of the CEMA countries alone will make it possible to reduce the time requirements and costs of assimilating new types of goods 1.5-2 fold; increase the machine shift coefficient up to 2.8, and reduce the number of maintenance personnel.

The complexity and scale of the tasks posed in the Program, which are to be accomplished by the CEMA countries on the path of further development and extension of mutual economic and scientific-technological cooperation, also demand improvements in the entire arsenal of means of joint economic and scientific-technological activity. Direct ties among cooperating enterprises and organizations will play a very significant role. Understanding of this fact was even expressed in the Program itself, where, in Section III, "Implementation," it is directly stated: "CEMA countries will develop direct relations among enterprises, associations and scientific-technological organizations of their countries, on the basis of provisions adopted in specific bilateral and multilateral agreements and treaties, which is an effective way of developing cooperation for implementation of the Program." (2) Further it is stated that, if necessary, joint scientific-technological and production associations; international engineering and technological centers

for the creation and production of new equipment, technologies and materials; centers for cadre training and other joint organizations will be established for effective coordination of the efforts of the countries of the community, aimed at accomplishment of the Program. A number of practical steps have already been taken for the organization of cooperation, including the establishment of direct ties in the main fields of scientific and technological progress. Thus, the General Agreement on multilateral cooperation in the field of the creation of a single unified base of electronics goods, specialized technological equipment, semi-conductors and specialized materials for their production, was signed back in July 1981, during the 35th meeting of the CEMA session. This laid the basis for the joint implementation of one of the avenues of introducing electronics into the economies of the fraternal countries, later set down in the Program. At the 40th CEMA Session meeting in June 1985 a General Agreement was signed on multilateral cooperation in the development and organization of specialized and cooperative production of flexible production systems for machine building, and their widespread introduction into the economy. A number of other important agreements were also concluded, on robotics, atomic energy, etc. An agreement signed in 1985 in Sofia warrants special mention. It concerns the establishment of joint Soviet-Bulgarian scientific production associations in the field of machine tool manufacturing. From the USSR the Ivanovsk Machine Tool Manufacturing Production Association and the Krasnyy Proletariy Machine Tool Manufacturing Association in Moscow are taking part, and from the NRB [People's Republic of Bulgaria] the participants are the state economic association Zavody Metallovezhushchikh Stankov [metal cutting machine tool factory] in Sofia, and the Beroye Scientific-Production Economic Robotics Combine in Stara Zagora. That same year the USSR and CSSR created the international scientific and technological association, Robot.

The CEMA countries believed that the maximum effect of direct ties can be achieved mainly in the above indicated priority avenues of cooperation. At the same time, for more complete implementation it is necessary to take steps to develop the mechanism of direct ties and make them an effective instrument for intensification of the economy and cooperation among the CEMA countries.

A number of questions need to be resolved to achieve these aims. It is necessary to develop uniform conditions for the development of direct ties, which define precisely the thrust and priority of this form of cooperation; a system of mutual commitments and guarantees for cooperating partners; the rights of coordinating organizations and their legislative-legal and material support. It is necessary to improve the practice of planning measures in the field of cooperative and direct ties, and their relationship with measures outlined in the economic plans and the five-year state plans of the countries. It is necessary to achieve an optimal combination of overall economic interests and those of the direct participants in cooperation -- the enterprises and associations. Such a combination can be realized if, on the one hand, the direct ties will have an important overall economic effect (organization and development of the production of the latest, technically perfected, world competitive products; reduction of proportionate production costs; growth of export returns, etc.), and on the other hand, conditions are created which stimulate the participation of enterprises and economic organizations in cooperation and provide for their direct interests in the

results of cooperation. It is necessary to create and develop the mechanism for implementing direct ties, in particular the system of price formation for cooperative products. The price charged for a product manufactured through direct ties must ensure and stimulate its high scientific-technological and qualitative levels and correspond to necessary technical economic parameters, as well as be equally advantageous for the suppliers of both components and the finished product. For this, obviously, cooperating enterprises must be more actively involved in solving questions of price formation and deliveries. Granting broader authority to the immediate participants in direct ties, which include some elements of foreign trade activity, serves as a very important reserve for the intensification of production cooperation and the extension of cooperation among the economies of the CEMA countries.

Recently these countries have taken a number of steps in this direction. In particular in his speech at the 41st (special) CEMA Session meeting, N. I. Ryzhkov, USSR Council of Ministers chairman, chief of the USSR delegation and meeting chairman, noted: "The Soviet Government is giving lead organizations the authority to conclude contracts with organizations in the other CEMA countries, as well as to implement the mutual transfer of the results of their efforts within the framework of cooperation on a given problem."<sup>(3)</sup> Solving all the questions associated with putting into operation the mechanism of direct production ties will enable the countries of the socialist community to achieve their goals of substantially intensifying mutual integrating ties in the fields of production, science and technology, and on this basis accelerate the tempo of social and economic development and improve the well-being of the workers.

#### FOOTNOTES

1. "Ekonomicheskoye soveshchaniye stran-chlenov SEV na vysshem urovne, 12-14 iyunya 1984 g. Dokumenty i materialy" [Economic Summit Conference of the CEMA Countries, 12-14 June 1984. Documents and Materials], Moscow, Politizdat, 1984, p 21.

2. PRAVDA, 19 December 1985, p 4.

3. PRAVDA, 18 December 1985, p 4.

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CSO: 1825/201

'SOUTH-SOUTH' DISCUSSIONS ON NEW ECONOMIC ORDER ASSESSED

PM220841 Moscow PRAVDA in Russian 17 Jun 87 Second Edition p 5

[Vsevolod Ovchinnikov "Commentator's Column": "'South-South' Cooperation"]

[Text] An extraordinary conference of nonaligned countries on "South-South" cooperation, as trade, economic, scientific, technical collaboration between Asian, African, and Latin American countries has conditionally been called, has been held in Pyongyang. As the leading capitalist powers are evading "North-South" dialogue, that is, they do not want to reach agreement with liberated countries on the restructuring of international economic relations on a just, democratic basis, "South-South" cooperation could become an important factor in mobilizing the internal resources of Asian, African, and Latin American states to speed up their development and strengthen their independence.

Let me remind you that "South-South" cooperation was given a great deal of attention at the conferences of nonaligned countries' heads of state and government in Delhi and Harare. It goes without saying that the development of these ties is a complex matter. It is sometimes impeded by the uniformity of economic structures which were once deformed by colonizers who forced the role of agrarian and raw material appendages on dependent countries. On the other hand, however, there are a considerable number of factors favorable to closer collaboration: geographical proximity, knowledge of local conditions, and a common desire to put an end to neocolonialist servitude.

At present the imperialist system is prolonging its existence to a considerable extent by robbing developing countries and exploiting them mercilessly. The consequences of this are tragic. States with a population of more than 2 billion have become a virtually continuous region of poverty. It is in this and nothing else that the root causes of many of the conflicts in Asia, Africa, and Latin America lie. Is it really possible to live serenely in a world where three-fourths of all countries are in irredeemable debt while a small handful of states play the role of omnipotent moneylenders?

A tragic paradox, the participants in the Pyongyang conference noted, is that imperialism is not only trying to bleed the "third world" white by making it the victim of neocolonialist plundering. Africans, Asians, and Latin Americans are basically being forced to finance the arms race, that is, they are being

forced to pay for their own enslavement and push themselves toward the abyss of a nuclear catastrophe. During the last decade there has been an indisputable causal relationship between the trillion dollar debt of the young states and the more than trillion dollar increase in U.S. military expenditure.

The representatives of the approximately 100 nonaligned states gathered in Pyongyang welcomed the document recently approved at the Berlin Warsaw Pact conference "On Overcoming Backwardness and Establishing a New International Economic Order." They highly appraised the fact that the socialist community has once again spoken in favor of convening a world forum at which the problems of economic security and of removing everything that burdens world economic ties could be discussed as a package. Not armament instead of development, but disarmament for the sake of development--this was the tenor of the conference in Pyongyang.

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CSO: 1807/364

GOSPLAN OFFICIAL ON CURRENCY DEDUCTION FUNDS

Moscow EKONOMICHESKAYA GAZETA in Russian No 20, May 87 p 21

[Article by A. Nozhnikov, section chief, USSR Gosplan: "Currency Deduction Norms"; first paragraph is source introduction]

[Text] The decree by the CPSU Central Committee and USSR Council of Ministers, "On Measures to Improve the Management of Foreign Economic Ties," provides for increasing the economic self-interest and expanding the independence of industrial enterprises in the development of exports and modernization of the production base. A. Nozhnikov, section chief, USSR Gosplan, discusses the procedure for creating currency deduction funds for these purposes in associations, enterprises and organizations.

The creation of currency funds is a natural result of the restructuring in the management of foreign economic activity that is taking place. Henceforth, associations, enterprises and organizations, as a rule, will operate on the basis of economic accountability [khozraschet], currency self-support and self-financing. At the same time the mechanism for establishing and using currency funds was not developed in a vacuum. The previous system of currency deductions for delivery of products for export was its prototype.

It is appropriate to recall the main characteristics of this system. The amounts of currency deductions were differentiated both by large commodity groups, and for a substantial number of individual goods and services. They could be increased (all the way to retaining for enterprises all currency earnings) in cases of high currency effectiveness of an export and product deliveries in excess of the plan. Under this procedure it was more advantageous to reduce targets for deliveries of products for export, so that, once the plan was approved, additional export resources could be "discovered."

The size of currency deductions was established for virtually an unlimited period of time, and if it was re-examined, it was primarily on the side of increases. It should be said that by the moment that the former system of currency deductions was abolished it was being regulated by many dozens of normative documents, approved without any economic justification or calculation of the advisability of establishing one or another size of these deductions.

Currency deductions served for enterprises as merely an additional source for paying for imports, independent of the amount of centrally allotted funds for these purposes. There were also substantial limitations on the use of currency resources earned by the enterprise. All of this led to a weakening, especially in recent years, of the incentive effect of the currency deduction system on the suppliers of export products, and necessitated its fundamental re-examination.

The currency funds being created starting 1 January 1987 are established according to stable long-term norms from deductions from earnings for the export of finished products and services, including construction and assembly projects abroad under subcontracting arrangements, as well as overall currency earnings from cooperative deliveries and the sale of licenses. Norms are established mainly according to the branch export characteristic, and not that of the commodity, as has been practiced until now. This means that the results of all export activity of branches and enterprises, and their currency expenditures for imports, are linked through norms. Currency resources left at the disposal of enterprises, along with credits from USSR Vneshtorgbank [foreign trade bank], are becoming the main source of financing their foreign trade operations and satisfying import requirements, especially for renovation and technical re-tooling, using the latest achievements in world science, equipment and technology.

At present fixed norms for the 12th Five-Year Plan have been approved for associations, enterprises and organizations in more than 70 ministries, departments and central institutions. These include machine building and other ministries in which foreign trade associations and firms have been created; transport ministries; ministries, departments and organizations engaged in questions of ideology, culture, education and health; as well as eight inter-branch scientific and technological complexes that have received authority to carry out independent export-import operations.

Deductions into currency funds according to the established norms will begin to be carried out according to the result of 1987; i.e., based on actual receipts of foreign currency this year for the export of goods and services, as well as for previously accomplished deliveries under credit conditions. In the future normative deduction into currency funds will be developed simultaneously with the draft five-year plan.

In the establishment of norms for deductions into currency funds particular attention was paid to the need in the immediate future to provide enterprises work under currency self-support conditions. Thus, 30-50 percent of currency earnings are being deducted for enterprise funds in the machine building ministries. This basically enables them to finance current production expenditures, and in a number of cases also larger measures, from their own currency resources. Simultaneously, centrally established currency limits have been reduced for these branches.

At the same time, in this five-year plan it is obvious that we have still not succeeded in embodying in all branches of the economy the principle of currency self-financing as a higher degree of economic accountability [khozraschet]. There are a number of reasons for this. The creation of

currency funds occurred in the middle of the five-year plan, when foreign currency resources had already been distributed among the branches and in the majority of cases were already earmarked. Unstable world market conditions and a sharp change in foreign trade prices, especially for basic raw material products and power carriers, also had a negative influence. However, the main reason is the inadequate quality and competitiveness of our finished product on the world market and, as a result, the comparatively low currency earnings by comparison with expenses. Therefore, the creation of large facilities with the use of imported equipment, as well as purchases of several types of raw materials and materials, the need for which domestic industry does not fully satisfy, will continue to be carried out through centrally allotted currency resources.

The formation of currency funds in the union republics needs to be discussed separately. They will be created from earnings from the export of products from local industrial enterprises, and republic ministries and departments, the sale of souvenirs and other goods and services rendered to foreign tourists on the territory of the republic.

Whereas, until now the union republics received currency deductions primarily from exports above the plan, including deliveries of the products of union and union-republic associations and enterprises, now their foreign trade activity must be aimed mainly at seeking out their own resources for export, and the development of export production in local industrial enterprises. It is precisely this task which has been assigned to the republic foreign trade associations presently being created.

Currency funds may be created not only in associations and enterprises, independently or through appropriate trade organizations delivering products for export. Sub-supplier enterprises also have a right to some of these funds, regardless of their departmental subordination, including institutes of the USSR Academy of Sciences and inter-branch scientific and technological complexes. The amounts of such deductions are determined through negotiations, taking into account the contribution of the participants in the receipt of currency earnings, the complexity of the efforts being accomplished and the value of scientific development. This approach makes it possible to ensure joint interest on the part of different enterprises in the end results of foreign economic activity, and to strengthen the use of scientific capability in the development and setting up of experimental production of products for export.

Imports of machinery, equipment and other goods for technical re-tooling, renovation and expansion of production will be accomplished from currency fund resources. Currency fund resources are also a source of financing of scientific research and development efforts, and cover expenses for trips by specialists to take part in talks on scientific, technological, production and commercial matters, in international exhibitions, and to exchange experience.

There are some special features inherent in enterprises using their own currency resources in transferable rubles. Besides the already mentioned objectives, these resources can be spent to acquire in CEMA countries industrial products, medical equipment, cultural, domestic and other goods not

included in the distribution plans, for the needs of labor collectives. Payment for shipments of products under subcontracting arrangements are made from currency funds in transferable rubles. Excess costs of imports over exports in these deliveries are also made up from these funds.

A most characteristic feature of the new procedure for establishing currency funds is the independence and efficiency which enterprises have in their use. These funds are not subject to removal or limitations in their use by higher organs. They may accumulate for expenditure in subsequent years.

Union republic ministries, departments and councils of ministers are authorized to centralize only up to 10 percent of the overall amount of the currency funds of associations, enterprises and organizations (previously currency deductions were shared equally). Enterprises will receive necessary assistance from the central currency reserve, in case of a temporary worsening in the indices of their work, and measures for the development of production at enterprises not directly associated with foreign economic activity will be financed.

The timely use of their own currency resources by enterprises is guaranteed by including the total amount of their order in the import plan. Import purchases from such orders will be made on a priority basis.

A fundamentally new aspect is the introduction of currency responsibility of associations, enterprises and organizations for fulfilling plan targets for the export of goods or contractual commitments. All damage which arises through their fault is compensated for from the resources of the currency fund, and in event of their shortfall, from the centralized funds of the ministries and departments. Previously in such cases currency deductions simply were not made to enterprises. Therefore, they did not really feel the effect of the economic sanctions on the amounts of their own resources.

The first step in the creation of the currency fund mechanism confirmed the correctness of the direction taken and its correspondence to the requirements to work under new conditions. At the same time, experience to date also disclosed a number of questions which need to be solved in the immediate future.

Frequently one still runs up against the incorrect understanding of the economic essence of currency funds as a kind of "feed-trough" to satisfy "excessive" overcharges. This stereotype is indicative of inertia in the thinking of some ministry employees, who believe that the deduction norms can change from case to case, of course increasing, depending on departmental interests in import purchases. The times demand another approach to these matters. Currency fund resources are part of currency earnings, determined by long-term norms. And this part can grow only as exports increase.

It is also necessary to define more precisely the method used for establishing the norms for deductions into currency funds. Obviously, simply compiling currency earnings and payments in a branch, carried out, as a rule, on the basis of data for previous years and the start year of the five-year plan, does not justify itself. A better based approach is required, which makes it

possible to take into account not only the dynamics of the development of future branch exports and imports, but also world market conditions. The development of a long-term export program, as well as measures to reduce irrational imports can be of substantial assistance here.

Finally, there is one last thing. Associations, enterprises and organizations are now experiencing a certain famine, due to a lack of necessary instruction documents on the procedure for making deductions into currency funds and using them, which takes into account the specific nature of export-import operations in individual branches. Ministries and departments that have foreign trade associations that make deductions into currency funds should expedite this work.

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CSO: 1825/197

CURRENCY-FINANCE MECHANISM OF USSR FOREIGN TRADE

Moscow FINANSY SSSR in Russian No 2, Feb 87 pp 75-77

[Article by A. G. Sarkisyants, Foreign Trade Bank senior consultant: "The Development of the Currency-Finance Mechanism for USSR Foreign Trade Relations"]

[Text] The currency-finance mechanism of the USSR's foreign economic relations must contribute to the optimum use in the country's national economy of the results of its participation in the international division of labor. The present stage in the development of this mechanism is characterized by qualitative changes in the planning and management system for foreign economic relations and by the appearance of new forms and methods for financing foreign relations with different countries. Thus, during the last decade a rapprochement of the economic conditions for the functioning of the primary links has occurred in the area of material production and foreign trade, preconditions for strengthening economic and financial ties between them have been established, and conditions for using cost accounting principles in the management of foreign trade have arisen.

Financial levers have begun to be more widely used thanks to the introduction of favorable financing conditions for foreign trade associations that are fulfilling state plans based on profit and the export and import of goods and the introduction of special financing conditions and credit influence measures for associations that are not fulfilling their plans. The formation of economic incentive funds from profit to strengthen foreign trade association workers' interest in improving the qualitative indicators of their activity, raising the effectiveness of foreign trade operations, increasing foreign trade turnover volumes, and fulfilling and overfulfilling monetary targets and the payment plan of assets into the budget is acquiring important significance.

In order for bank credit to have greater influence on the fulfillment of plans and the raising of material responsibility for the timeliness of calculations, the expenses of foreign trade associations in paying interest for the use of bank credit have also begun to be derived from profit. This has led to the use of a new indicator in planning -- estimated profit for determining deductions for the foreign trade activity development fund and the temporary financial assistance fund, in accordance with which the norms for deductions

were not changed in order to avoid an unjustified increase in these funds and a reduction of revenue in the budget in the form of profit withholding taxes.

As a result of the final formation of the structure of the consolidated monetary plan (USSR balance of payments) and the incorporation of the plans of ministries and departments, which are conducting foreign relations, into the monetary section of the national economic plan, monetary planning practices have been improved.

The centralized principle in the system for managing the financing of foreign trade relations was strengthened with the further expansion of the rights of foreign trade associations, organizations, ministries and departments. Better coordinated actions when solving financial questions between planning and financial bodies, ministries and departments, who are carrying out foreign economic ties, have been guaranteed.

At the same time, the required mutual coordination between the plans for foreign trade and scientific, technical and production cooperation; licensing activity; and measures for expanding socialist economic integration still does not exist. In some cases, unnecessary regulation and attention to detail exist, the coordination of decisions is complicated, and the upper management link is overloaded with minor matters. Cost accounting has still not received full development in foreign trade; practically speaking, it is just taking shape.

The tasks of accelerating the country's social and economic development and of raising production efficiency, which were put forward by the 27th CPSU Congress, called forth new requirements on the currency-finance mechanism for foreign economic relations. This was reflected in the CPSU Central Committee and USSR Council of Ministers decrees entitled "On Measures To Improve the Management of Foreign Economic Relations" and "On Measures To Improve the Management of Economic, Scientific and Technical Cooperation With the Socialist Countries." The improvement of the mechanism for managing the financing of foreign economic relations assumes a further strengthening of the centralized principle in this area based on the state monopoly of foreign trade, especially when solving strategic questions. At the same time, it was necessary to create conditions that would guarantee the operational solution of specific questions at the level of the cooperating organizations; expand the rights of branch ministries, departments, associations, and enterprises in this area; and reduce the number of offices with which appropriate proposals had to be coordinated.

Thus, it is necessary to increase the flexibility of the foreign economic activity, financial planning, and management system. It should stimulate the initiative of the participants when solving such questions as the exporting of machine building products and scientific, production and industrial cooperation and specialization, i.e., in those areas where a rapid reaction to the requirements of foreign partners is required and where relations with the foreign market serve as the catalyst for scientific and technical progress.

The financial and economic incentive system has still not established the necessary advantages for enterprises to expand the production and delivery of

goods for export. The prices of export products do not fully compensate for the additional expenditures to raise their quality and ability to compete; and the monetary deductions, which are earned by the enterprises and intended for raising the technical level of production, are not being used effectively and are often withdrawn to solve other tasks. At the same time, enterprises and organizations must bear economic responsibility for the purchasing, primary introduction and optimum use of imported machinery and equipment.

The insuring of economically sound links between domestic and foreign prices through an exchange rate, which performs the role of a foreign trade operations effectiveness norm for cost accounting organizations, has fundamental importance in developing foreign trade and production cooperation. Enterprises, which export products with expenses that are higher than those considered in exchange rates, suffer losses; however, those which achieve lower expenses have a profit. A basis is thus created for a differentiated evaluation of the activity of exporting enterprises and for a different compensation for their individual production expenses. In connection with this, the use of monetary coefficients, which are differentiated by groups, will play a definite role when summing up the results of the enterprises' economic activity.

In our opinion, it is advisable to place the fulfillment of obligations for the delivery of export products at the center of the evaluation of the activity of branch ministries, departments and economic organizations; significantly expand the role of financial leaders; and orient the cost accounting of enterprises and foreign trade organizations toward expanding exports and increasing their economic effectiveness.

Recently, the question of organizing departments of specialized firms, which would simultaneously be included in the appropriate foreign trade association of the Ministry of Foreign Trade, in production associations with a large export production volume has acquired urgency. This would permit the system for managing production and for selling export products to be improved.

The incentive system must be improved with the help of monetary deductions in order to solve the questions that have been touched upon. This is especially pertinent to simplifying the procedure for purchasing import goods using assets from the monetary deductions in freely convertible currency, commodity payments for socialist country currencies and the transfer of monetary deductions to encourage cooperating organizations. Finally, the coordination of the export incentives of foreign trade associations and production enterprises with the final financial result -- currency earnings -- has important significance.

An economic experiment concerning the comprehensive improvement of production management and the sale of light industry goods is being conducted in the Estonian SSR. Among the measures to expand the production of goods for export, it was decided to place a portion of the increase in produced goods, the currency earnings from the sale of goods above the export plan and the currency earnings from the commodity turnover operations that were performed using the republic's Ministry of Trade funds, at the disposal of the republic's Ministry of Light Industry. The Estonian SSR Ministry of Light

Industry uses these currency assets to acquire abroad technological equipment, technical documentation, technologies, instruments, and materials that cannot be obtained from domestic production. Experience has provided the first positive results: the export volume of products has been increased.

It is necessary to regard the differentiated financing conditions as a new element in the currency-finance mechanism. These permit budget financing and credit granting conditions to be linked with the work results of foreign trade organizations. One of the important questions in this regard is the selection of indicators for evaluating the activity of foreign trade organizations. The effectiveness of the functioning of the currency-finance mechanism for foreign economic relations depends a great deal on the correct selection of these indicators.

We think that the evaluation indicators must reflect the main results of the finance and economic activity of a foreign trade organization and take into account the capabilities of financial and credit influence on the plan's fulfillment. At the same time, if one evaluates this activity proceeding only from the degree of fulfillment of export, import and profit plans, then almost all foreign trade organizations will be placed in the ranks of those working well. In this regard, however, some of them have unsatisfactory indicators in their relations with the USSR Foreign Trade Bank with respect to loans. One cannot forget that a formal and complete accounting of all of the indicators, which characterize relations with the bank, can be an obstacle for foreign trade organizations to the receipt of certain preferences and advantages during credit actions. That is why the indicators must reflect the most important aspects of activity when there is a small number of them.

In our opinion, it is necessary to proceed primarily from the indicators for fulfilling the basic planning targets, the indicators of the overdue debt on bank loans and the condition of import and export commodity stocks (considering the presence of "unmarketable" goods.) In this regard an analysis of the financial and economic activity of foreign trade organizations, especially the reasons leading to the origination of some process or other that is primarily negative, has important significance.

The question of financing foreign trade operations using percentage participation conditions at the expense of the foreign trade organizations' own working capital deserves attention. This would permit the organizations' responsibility for the results of their activity to be increased and would contribute to better working coordination between the USSR Ministry of Foreign Trade, State Committee for Foreign Economic Relations and the Foreign Trade Bank. In our opinion, it would be necessary to establish norms for the foreign trade organizations' own working capital and sources for its formation in order to do this.

As the cooperation of the CEMA member countries expands, the direct scientific and production cooperation of national enterprises and associations acquires more urgent importance. The USSR and the other socialist countries have accumulated definite experience in expanding direct links.

In connection with this, the improvement in price formation for the items being delivered to each other is acquiring very important significance. In order for prices to stimulate an increase in the profitability of producing products, it is advisable to solve the question of using contract prices that have been stipulated with a consideration for world prices, the expenses for producing the cooperative products and the national indicator norms for production efficiency and the exchange of the appropriate items.

With scientific and production cooperation, it is possible to use "intrafirm" prices within the framework of a given cooperative agreement, i.e., their coordination considering the production expenses of the partners. In this case, specific producers will have an opportunity to participate directly in determining the economic exchange conditions.

The improvement of currency rates has important significance for the expansion of direct links. An accurate system for economically sound alignments between the transferable ruble and the currencies of the CEMA member countries contributes to the establishment of justified prices for the cooperative products and to the substantiation of the effectiveness of international cooperative ties. One can say that the official exchange rates, which are being used at the present time, do not completely fulfill these functions.

A need exists to strengthen the credit influence of the International Investment Bank and the International Bank for Economic Cooperation on the fulfillment of the mutual obligations of the CEMA member countries. A common methodology for the credit planning of accounts and the compiling of credit applications was adopted in 1985. This permitted control over the countries' fulfillment of their obligations to be improved and led to the better balancing of mutual accounts. Thanks to this, the element of automatism in the granting of credits was eliminated, and credits began to be on an economically sounder base.

It is also necessary to improve interest policy. Based on an analysis of the factors influencing the amount of the interest rates as well as the objective economic cooperation conditions of the socialist countries, it seems more advisable to establish interest rates at a level no lower than the increase in prices for the goods that form the material filling of credit and no higher than the smallest national norm return indicator for the assets invested in the economies of the CEMA member countries (for International Bank for Economic Cooperation credits) or the effectiveness indicator for a specific project being given credit (for investment credits.) In our view, a further differentiation in interest rates depending on the credit periods and other economic conditions should be an important aspect in coordinating interest policy.

The question of introducing new types of International Investment Bank credit activity, including the granting of credits from special funds from the assets of interested countries, has recently acquired urgency. In our opinion, this would permit the problem of the commodity guarantee of International Investment Bank credits to be solved to a certain degree.

The scope of USSR economic relations with the capitalist countries has caused an expansion in the use of long-term bank credits in mutual relations with them.

Another new element has recently appeared in USSR currency-finance relations with the capitalist countries. When organizing the importing of machinery and equipment from these countries, EKYu [a currency basket] has begun to be used as a credit currency. The advantage of this currency unit consists of the fact that it is more stable than the individual currencies forming it and depends less on fluctuations of the dollar.

During recent years, the question of establishing joint enterprises with firms in the capitalist countries has been studied more and more. In our view, the activity of such enterprises could be carried out on the basis of full cost accounting and currency self-support. Coordination in this area should be provided for in the annual plans for exporting and importing goods using a freely convertible currency and observing the principle of balancing revenues and payments.

As the 27th CPSU Congress pointed out, "The approach to mutually beneficial economic relations must be large in scale and directed toward the future." The further development of the currency-finance mechanism for USSR foreign economic relations must also be aimed toward this.

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PRAVDA: HUMAN RIGHTS FLOURISH IN USSR, FLOUTED IN U.S.

PM171441 Moscow PRAVDA in Russian 12 Jun 87 Second Edition p 1

[Editorial: "On Human Rights, Real and Imaginary: Many People in the West Talk About Human Rights, but They Must Back Them Up By Deeds, Not Just Words"]

[Text]. We now understand better than ever the full depth of Lenin's idea on the vital internal link between socialism and democracy. Our country's entire historical experience has convincingly shown that the socialist system has really ensured citizens' political and socioeconomic rights and personal freedoms, revealed the advantages of Soviet democracy, and given man confidence in the future.

The course adopted by the CPSU Central Committee April (1985) Plenum and given concrete form by the 27th party congress marks a new stage in Soviet society's life. It is a course aimed at the comprehensive implementation of the democratic principles and norms inherent in the socialist system. Our party's activity is aimed at ensuring that the entire arsenal of Soviet man's socio-political and individual rights and freedoms meets the tasks of expanding and further developing socialist democracy. The party and state see it as their paramount duty to deepen these rights and freedoms and consolidate their guarantees.

The process of extensive democratization embracing our country stems from the internal needs of its further development. However, there are organs of the foreign mass media and even some politicians, including those at the highest level, who sermonize about the changes currently taking place in our life. They are taking part in organizing various anti-Soviet propaganda shows, where the human rights theme is used to launch shameless attacks on our country and its achievements and our socialist system. There is good reason for believing that it is planned to exploit U.S. President Reagan's present visit to West Berlin for that very purpose.

Imperialist propaganda has circulated the notion that the processes connected with restructuring in our country are the result of Western demands to "liberalize" Soviet society and a concession to "pressure" on us.

The absurdity of such assertions is obvious. The Soviet people and our country are doing colossal work to restructure and renew our society, which of course does not stem from any desire to please someone else. The development of Soviet democracy is judged by our socialist criteria and has its own reference points. Socialism's great merit is that, unlike other social formations, it has not only proclaimed a broad range of rights and freedoms but is comprehensively safeguarding them by turning them into practical reality and part of everyday life. That is why it is a question today not of the narrowing but rather the widening of the gulf between socialist democracy and the dictatorship of monopoly capital, a monopoly skillfully disguised by verbal trickery as democracy.

It should be clear to everyone that to talk about democracy you need the appropriate moral right. How can that right be claimed by those Western propagandists and politicians in whose countries millions and tens of millions of people are deprived of the right to work? It is not in our country but theirs where they denigrate the human dignity of the unemployed, to whom they dole out charity in the soup kitchens. It is in their country that a disregard for people's natural striving for peace is demonstrated and where, contrary to that will, the arms race is being accelerated and plans for aggression formulated.

We respect the industrious and talented people of the United States, who have given the world a whole galaxy of outstanding individuals--cultural figures, scientists, inventors, politicians, and statesmen. At the same time, it is understandable and logical that our country's citizens should be concerned at the fact that millions of members of the human race, whose lot it was to be born and live in the United States or other capitalist countries, are now deprived of basic human rights.

What kind of human rights, what kind of democracy could there be in a country where 0.002 percent of the population controls 50 percent of the nation's entire wealth! Yet that is the case in the United States, which is nevertheless portrayed by bourgeois propagandists as the "showcase of Western democracy." That is where election to the House of Representatives costs the candidate or his sponsors no less than 200,000 dollars and where election to the Senate costs ten times that amount. Is it any wonder, then, that one U.S. senator in five is a millionaire?

This year the United States is celebrating the 200th anniversary of the country's constitution. This year, too, the well known sociopolitical organization the American Civil Liberties Union has proclaimed 15 April to be "Political Prisoners' Day." It will soon be 10 years to the day that Andrew Young, now mayor of Atlanta but then U.S. permanent representative to the United Nations, publicly stated that there were thousands of political prisoners in his country. No one knows precisely how many there are now since the relevant statistics are kept secret. But according to the figures of social organizations that number is greater in the United States today than 10 years ago, not less.

Leonard Peltier, John Harris, Dennis Banks, Douglas Roth, the Berrigan brothers, Ann Montgomery, Richard Miller, Molly Rish... This list of Americans imprisoned for political reasons could go on.

And what about the discrimination against the black and colored population rife in the United States? It is common knowledge that the unemployment level among the country's black population has risen much faster than among whites under the present administration, averaging 15 percent in the past 5 years. The plight of the American Indians--the country's indigenous population forced to live on reservations--is deplorable. Around 3 million Americans have no permanent roof over their heads.

Virtually every day participants in antiwar marches and demonstrations are imprisoned in the United States. At the same time members of the Ku Klux Klan are free to come and go and police terror in the negro ghettos has repeatedly exceeded all imaginable boundaries. Those are just some examples of "human rights" in the United States.

No, it is not in our country but in the United States and other Western capitalist countries that unrestrained mercenaries and the lust for gain flourish, where the advocacy of immorality and pornography are becoming an instrument of spiritual aggression against truly humane and civilized principles of conduct, and where the cult of money and the right of the strongest to prevail in the relentless struggle for existence are nurtured.

The discrepancy between the idyllic picture which bourgeois propaganda dares to paint in vivid and garish colors and the actual condition of human rights in the West is greater today than ever before.

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CSO: 1807/366

REVIEW OF BOOK ON FORMULATION OF U.S. FOREIGN POLICY

Moscow OBNKHCHESTVENNYYE NAUKI V SSSR:SERIYA 5--ISTORIYA (REFERATIVNYY ZHURNAL) in Russian No 2, 1987 pp 112-115

[Article by V. S. Konovalov:"The Mechanism for U.S. Foreign Policy Formulation"]

[Text] MEKHAHIZM FORMIROVANIYA VNESHNEY POLITIKI SSHA (The Mechanism for U.S. Foreign Policy Formulation) by P. T. Podlesnyy, Yu. A. Shvedkov, V. A. Savelyev, et al.; responsible editors G. A. Trofimenko and P. T. Podlesnyy, USSR Academy of Sciences, USA and Canada Institute, Moscow, Nauka, 1986, 204 pages.

This collective monograph prepared by associates of the USA and Canada Institute analyzes trends in the development of the mechanism for U.S. foreign policy formulation which appeared in the 1970's and first half of the 1980's. At the center of attention is an examination of the role of the basic links in the American state mechanism: the president and his apparatus, Congress, and the foreign policy, military, and intelligence departments. The authors also touch upon certain aspects of the mechanism for developing and realizing U.S. foreign policy strategy, relating, in particular, to channels of influence on policy by groups of the ruling class which are closely linked to the U.S. military-industrial complex, as well as to the influence of public organizations and public opinion on the course of U.S. foreign policy. The work consists of an introduction and six chapters.

The book points out that the active role of big business in the shaping of U.S. foreign policy both within and outside the framework of the state mechanism clearly demonstrates the close interweaving of the economy and politics of American capitalism. This activity of big capital indicates that precisely its basic interests from the beginning predetermine the dominating orientation of U.S. foreign policy toward utilization of military-power methods in international relations, in global military confrontation with all anti-imperialist forces.

Insofar as militarization has become an organic trait of American foreign policy, all mechanisms of its development and implementation are developed and adapted with consideration for the requirements of

military-power foreign policy. It is not by chance that besides the U.S. president, his Executive Branch, including the apparatus of the National Security Council, a large group of military and intelligence institutions are also active in the realm of foreign relations.

The U.S. Constitution, which is based on a system of "checks and balances" and the principle of "separation of powers," invests the president with broad powers in the area of conducting foreign policy, while at the same time it makes the execution of these powers dependent to a fixed degree on Congress. Characteristically, as early as the end of the 1960's the majority of American politicians and political scientists allotted to Congress a secondary role in shaping the course of foreign policy. However, in the middle 1970's opinions of another type began to predominate. At the beginning of the 80's important changes in Congress' diplomacy took place. Many lawmakers more and more frequently are trying to ensure a closer interrelationship between foreign and military policy and to urge the government to review essential priorities in the name of supporting internal political stability. A dispute at top U.S. political levels "is going on not about goals and not even about forms, but only about specific methods of managing the state, depending on the changing requirements of the time" (page 73). The Congress, for example, in the majority of cases willingly meets the Pentagon's wishes half-way. The statistics on Congressional approval of the military budget is graphic proof of this. Such behavior on the part of the lawmakers is determined primarily by their militaristic thinking and the will of the ruling class which they represent. "However," the book stresses, "the fact that there are huge military enterprises in 85 percent of the electoral districts is very important. Therefore, the majority of the senators and congressmen have a personal interest in expanding military preparations, having in mind obtaining Pentagon orders for 'their' electoral districts. Their support by military-industrial corporations, and thus their reelection, depends on this to a great degree" (page 89).

As for American presidents, during the period studied, as the book points out, they prefer to tack between the interests of various groups of the ruling class, solving foreign policy problems not on a consistent and well thought-out basis, but primarily with consideration for the situation at the moment--the need to strengthen domestic support among politically active voters" (page 110).

As the book indicates, during the period studied the role of public opinion increased during conditions of crisis in the U.S. political system and in solving important international problems. Each link in the U.S. political system seeks the support of the public. Congress and the Executive Branch, pressure groups, and political parties, especially during election campaigns, try to manipulate mass awareness in favor of their own interests. The intensification of authoritarian-bureaucratic tendencies after the Reagan government came to power narrowed the opportunities for the manifestation of broad public opinion. However, wide circles of the American public have not given up the struggle and

are critical of the militaristic, aggressive course of the Reagan administration. Anti-military, anti-nuclear statements by the American public and the many resolutions which have been sent by public organizations to the U.S. Congress and and have become the object of sharp disputes among American legislators bear witness to this.

Thus, as the book sums it up, "the very awareness by the masses of objective political realities converts their influence on the foreign policy course into an import political factor" (page 202).

CSO:28 07/362-P

CBS TV FILM ON USSR LIFE REVIEWED

PM070901 Moscow IZVESTIYA in Russian 28 Jun 87 Morning Edition p 4

[Report by own correspondent A. Blinov: "The USSR in the CBS Spotlight"]

[Text] Washington--Last month several CBS film crews spent a week on location in various Soviet cities. The film they produced, "Seven Days in May," consists of a series of individual subjects linked by a central theme. This theme can be adequately described by the word "restructuring."

According to the authors of the film, they enjoyed "unprecedented access" in the USSR, being able to go literally everywhere their journalistic interest took them. The film contains many passing observations on people going about their business, or debating, or simply relaxing... But the greatest interest is provided by the conversations and interviews with people of very different ages and from the most diverse social groups in our country. The television reporters questioned them in excruciating detail about their wages, feelings, plans for the future, their attitudes to certain events, particularly the restructuring process, openness, and greater democracy. And they received frank, direct answers.

The film lasts 2 hours and is rich, meaningful, and multilayered. Such a long television broadcast, particularly if it is a documentary, is unusual for American television. Even more unusual is its content, which largely, if not totally, avoids the well-worn rut of the long-established way of presenting material here on the USSR. In the interests of objectivity we will note that the film shot in the Soviet Union is the prime factor working against stereotypes. The authors of the film, on the other hand, themselves often pay homage to stereotypes: Here and there the narrator's voice assumes a note of speculation. Strictly speaking, the film is not short of various strained interpretations. In a way, they are a tribute to the guarded attitude taken by influential circles across the ocean who are unsure how to react to the increased openness of Soviet society. The opinions of project leader Dan Razer [name as published] at the end of the program are revealing. He admits that the restructuring process has had a profound impact on various aspects of Soviet people's life. But, at the same time, he says: "We still do not know whether this exciting stage represents a danger or a favorable chance for the West... When a superpower makes a move, the whole world catches its breath."

I telephoned the main CBS studio in New York for an explanation of these words. Dan Razer was busy; his daily program was about to start. Lane Venerdos [name as published], one of the producers of "Seven Days in May", answered instead. "This evaluation was specially discussed by the authors of the film," he said. "We came to the conclusion that the restructuring process is 'working.' There can be no question that it is having a favorable effect on your economy. However, we cannot predict how you will behave after you have built up your economic base." By way of an answer you have to give the American journalist an explanation which he must have heard many a time in the USSR: Peaceful building in the USSR in no way carries a threat.

It has come to light that the film has caused displeasure in right-wing circles. Some "specialist on the USSR" is among the film's critics. He believes that the film "reflects Soviet ideas." In his opinion, "the CBS correspondents tried their utmost to question some Soviet phenomena. However, the visual images proved stronger than the few cautious statements by Dan Razer."

According to L. Venerdos, CBS has had a lot of telephone calls in response to the program. Only one in ten was skeptical. The overwhelming majority responded positively to the program. "We have never seen a program like this before," "the USSR looks quite different to the way it has been depicted in the past"--these were the most widespread opinions. Approximately 10 percent felt that the program did not adequately reflect the Soviet people's achievements.

While CBS was showing "Seven Days in May," other channels carried light entertainment programs, including the popular serial based on the novel "Hotel." Many viewers, however, preferred the serious documentary on the Soviet Union. The CBS program topped the popularity ratings that evening.

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CSO: 1807/366

BEHAVIOR OF GUIDES AT U.S. EXHIBIT DEPLORED

PM080825 Moscow SOVETSKAYA ROSSIYA in Russian 30 Jun 87 Second Edition p 4

[TASS Observer B. Grishchenko article: "The Guides Lose Their Way. How Certain Workers at the 'Information Technology in U.S. Life' Exhibition Understand Their Mission"]

[Text] Moscow--You cannot astonish Moscow with foreign exhibitions. However, the curiosity of the Soviet capital's inhabitants and visitors is well known throughout the world. The "Information Technology in U.S. Life" Exhibition, staged in a pavilion of the USSR Exhibition of National Economic Achievements, has also attracted attention.

On average people wait in line for 2-3 hours. However, many of those who have visited the exhibition criticize its content.

I asked Yuriy Pavlovskiy, junior scientific staffer of the USSR Academy of Sciences Computer Center, to share his impressions fresh from the exhibition.

"The exhibition made a strange impression on me personally. On the one hand all the exhibits to some degree or other are concerned with information technology or electronics, and computers and video equipment feature most prominently. On the other hand, the technological level of the products on show is obviously not high. For instance, out of the classes of computer--supercomputers, mainframes, minicomputers, and microcomputers--only the latter are on show. And contrary to expectations, the exhibition contains no 80386-based microcomputer or Macintosh 2 personal computer, which illustrate the state of the art for microcomputers.

"The exhibits reflect a level of technology dating back 4-5 years and well known to Soviet specialists.

"At the same time the inordinate number of monitors showing music videos snacks of window dressing, in my opinion. The literature on show in the library at the exhibition is mostly publicity.

"The demonstration of software at the exhibition is insufficiently thought out--even a trained visitor finds it difficult to understand the purpose of a particular program. At the same time it is difficult to escape the impression that the packages were chosen by a nonspecialist--there are only standard

programs here and very few original packages demonstrating the merits of their or that hardware component.

"The guides attending the exhibition do not always understand the exhibits and, as a rule, cannot supply precise technical information. The general impression can be described as a mixture of surprise and disappointment. Practically any other technical exhibition held in Moscow contains more information for specialists, than 'Information Technology in U.S. Life.' I think that the task of organizing the exhibition was not entrusted to professionals..."

Maybe the young specialist's judgments are too categorical? I called Doctor of Technical Sciences Prof O.L. Smirnov, director of an institute.

"Oleg Leonidovich, did you manage to see the U.S. exhibition?"

"I went there. However, I do not think that the word 'see' is appropriate. The exhibition doesn't tell a serious specialist anything. The equipment on display is mostly quite commonplace and certainly not the latest generation, but the exhibition's organizers have created a great deal of artificial ballyhoo about it. A typical spectacle based on information technology."

"What, in your opinion, explains the interest in this exhibition, particularly among young people?"

"Information technology's priority significance, its role in our life, and the information vacuum surrounding information technology. Young people react especially sharply to this..."

The organizers of the U.S. exhibition miss no opportunity of filling this vacuum, but not with additional information about the capabilities of the equipment on display there, even if it is not the very latest. On the other hand many guides readily turn any conversation about information technology in U.S. life to other topics that have nothing in common with the theme of the exhibition.

Here are just a few complaints about this made by visitors after looking round the pavilion:

Ya. Sidorenko, an engineer from Kharkov: "I asked about the operation of the information screens, but the guide, whose name was marked on a badge—Charles Strauss—instead of explaining, launched into talk of our country's 'aggressiveness' in the worse traditions of subversive radio voices."

T. Surovtseva, a physician from Moscow: "I did not expect to listen to an entire lecture on the procedure and conditions for emigration and entry to the United States. It was given by a certain Antonina Titr, if I remember her name correctly. This 'speech' was occasioned by a conversation about the study of information technology in schools."

Obviously many U.S. guides do not find it very difficult to pick a pretext for such conversations." The things you hear in a pavilion devoted, so the posters proclaim, to information technology. One exhibitor unceremoniously--and, incidentally, unskillfully--discusses the problems of Soviet agriculture, another bemoans the "absence of freedoms" in the European socialist countries, and a third tries to prove that there is not enough openness in our society.

A disgraceful incident occurred at the exhibition which many visitors remembered. A certain J. Padget, exploiting his position as a guide, began to expatiate freely and cynically on our country's contribution to the rout of fascist Germany, belittling this contribution in every way, despite the well known historical facts. However, it turned out that there was also a limit to the courtesy and tolerance of the exhibition's visitors, and the newfound Sovietologist had to run away to escape his "grateful" audience.

Yes, the "Information Technology in U.S. Life" exhibition evokes contradictory impressions among many Soviet visitors. I cannot fully agree with Yu. Pavlovskiy's conclusion that it was not organized by professionals. This seems only partially correct. The exhibition was obviously not organized by professionals in the sphere of information technology and electronics, but the selection of the guides and the topics for their conversations with Soviet people clearly betrays the handiwork of professional "Sovietologists" and "Kremlinologists," who have used the exhibition as an opportunity to impede the development of business cooperation, and the establishment of trust and mutual understanding between the two peoples.

The U.S. exhibition still has a long time to run in the USSR. Before our very eyes its exhibits will become even more obsolete, but we would like those who are going to show them to people in Kiev, the Rostov, Leningrad, and other cities in our country visited by the exhibition to find a more sincere and constructive way for dialogue with Soviet people. This is demanded by the times and the high mission entrusted to specialists participating in the formation of Soviet-U.S. relations as both peoples and the entire world community would like to see them.

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CSO: 1807/366

## NETHERLANDS AS AGRICULTURAL TRADING PARTNER

Moscow VESTNIK AGROPROMA in Russian No 16, Apr 87 p 6

[Report of interview with G. M. Nikiforov, director of the Kashirskiy Agro-Industrial Cooperative, by a VESTNIK AGROPROMA correspondent, under the rubric "Agrarian Kaleidoscope of the World": "The Netherlands as a Business Partner:

From a Foreign TDY"; in the Netherlands, date not given; first two paragraphs are source introduction]

[Text] Dutch firms, cooperatives, and scientific and technical institutions are long-standing partners of Soviet agricultural organizations. Each year, the ties between them are growing stronger. There is a constant exchange of experience, technology, and new scientific and technical developments and trade volumes are growing. Recently, at the invitation of the country's government, a group of specialists headed by the first deputy chairman of the USSR State Committee for the Agro-Industrial Complex, Minister of the USSR Ye. I. Sizenko, visited the Netherlands. Negotiations were held concerning implementation of the long-term program of collaboration between the USSR and the Netherlands in the agro-industrial field. The delegation was received by Prime Minister R. Lyubbers. Meetings also took place with Minister of Agriculture and Fishing G. Braks and with other officials, during which both sides made note that scientific and technical and trade and economic ties between the two countries are developing successfully under mutually beneficial conditions.

A correspondent of VESTNIK AGROPROMA met with a member of our delegation, the general director of the Kashirskiy Agro-Industrial Cooperative, G. M. Nikoforov, and asked him to share his impressions.

"Meeting with state officials, scientists and representatives of the business world, we particularly stressed that a deepening of our relations will facilitate the development of new forms of cooperation, such as the creation of joint enterprises, the organization of production on a compensatory basis, and the establishment of direct relations between the firms, scientific research institutes and organizations of both countries.

"Our schedule was extremely full. We managed to see a great deal and to talk about many things. We visited various enterprises of the country's

agricultural complexes, cooperatives, hot-house facilities, and farms.

"The country has accumulated a great deal of experience in developing the agricultural and processing industry sectors and they produce the world's greatest volumes of output here, both per hectare of farm land and per individual worker. As a rule, modern technology is used in cultivating plants, raising livestock, in the meat and milk and the food and the fruit and vegetable industries, and in raising flowers and mushrooms in sheltered planting grounds. Thus, at an enterprise of the Unilever Fleysgrup firm they showed us a kielbasa and sausage production line which uses the process of coextrusion. It can produce one and a half tons per hour while, at the same time, making casings out of collagen paste. The method is the most modern. Such lines permit production of a broad assortment of kielbasa and sausage products of various lengths and diameters, either canned or vacuum-packed. The level of production automation is also high.

"The Stork firm has developed an interesting design for a line to process broiler carcasses. The use of automation and electronics practically eliminates manual operations. Everything is utilized here: waste products go for feed. The equipment ensures high production quality and keeps losses in the processing of poultry to a minimum.

"The same kind of picture exists at the mixed feeds plant of the Hendriks company. It produces 65 varieties of mixed feed. Microprocessor equipment allows precise control of the technological process and the reduction of manual labor to a minimum. The quality of the feeds is very high, while the share of grain comprises from 17 to 50 percent of their content. Wide use is made of soybean grist, dried sugar-beet and sugar-cane pulp, and other by-products.

"They also gave us a chance to become familiar with the work of enterprises of the Unilever concern which manufacture margarine. The concern's butter and fat combines produce 70 percent of all margarine made in the capitalist world. The types which have various kinds of supplements deserve attention. Such margarine is the equal of creamery butter in terms of taste quality, and is even surpasses butter in terms of its useful qualities. In the West, they often prefer margarine to creamery butter because it contains considerably less cholesterol.

"The Netherlands occupy a leading place in the world with regard to selection work in poultry and hog raising. The delegation visited the Everybreed (Evribrid) firm of the Hendriks Intern company, which is one of Europe's largest. Intensive research in genetic selection is being carried out here. Everybreed is successfully selling on world markets all the "creme de la creme" in technology for pedigree work and raising poultry and hogs. Pedigree poultry and hog stock are exported to 88 countries.

"Productivity indicators are impressive. The average slaughter weight of a 43-day old broiler is 1.9 kilograms, with an expenditure of 1.8 kilograms of feed. The average daily weight increase of hogs being fed a fattening diet is 786 grams, with an expenditure of 2.45 kilograms of feeds.

"The effectiveness of selection work is determined by careful selection of original lines, by utilization of high quality mixed feeds, and by well-organized veterinary service.

"The work experience of the Dalsen, Prince, Breynsma, and Visser firms, which are engaged in the design and construction of hot houses, in seed-growing, and in the production of vegetables, provoked practical interest. In this sphere, also, the Dutch are among the world's leaders. Every year, about a million tons of vegetables are grown in hot houses. The use of energy-saving designs and equipment is widespread. Double glazing and heat screens are being used. "The Visser firm has created a set of machinery for industrial production of vegetable and flower seedlings, which makes possible automated sowing of coated and ordinary seed in blocks of soil and in plastic cellular flats.

"The technology of this firm, as compared to an ordinary one, makes possible savings of up to 60 percent in compost and a third in seed, doubles the appearance of seedlings, and creates necessary conditions for mechanizing subsequent growing processes along with a 4- to 5-fold reduction in labor costs. A seedling hot house with an area of 3.2 hectares, for example, provides the same amount of seedling material as 200 hectares of sheltered planting area.

"Great attention is being given to seed growing. One of the largest seed-growing firms in the Netherlands is (Royal Slice). It produces 4000 different kinds of vegetable and flower seed. Ninety percent of the products it grows are exported to 80 of the world's countries. The firm uses special, highly productive equipment for working up seed.

"At a cooperative of the SNS firm in Ostersun, the delegation became acquainted with the organization of edible mushroom cultivation. The Dutch have succeeded in fully mechanizing the laying and setting out of mycelium and topsoil compost on shelves and the subsequent mechanical removal of the processed mass. The entire process of producing mushrooms is automatically controlled, making it possible, with 6.5 planting rotations annually, to obtain up to 2000 tons of mushrooms per hectare.

"Altogether, the Netherlands grows 94,000 tons of mushrooms annually, which makes the country the world leader in production of this product.

"The Dutch have accumulated valuable experience in producing potatoes. The country has taken first place in the world in the growing and sale of potato seed. Good organization and strict technological discipline make it possible to obtain 80-90 percent healthy material with an average yield of 444 centners per hectare (1986).

"Storage and complex processing of potatoes have been organized on the most modern level. The mechanized storage facilities of the Agriko firm are typical; its distribution centers for seed and food potatoes are equipped with active ventilation and artificial cooling systems and with lines for the unloading, sorting, washing, skin removal, drying and packing of potatoes, as well as for the delivery of the finished products to the trade network."

At the USSR State Committee for the Agro-Industrial Complex, they told our correspondent that, during the delegation's visit, a protocol was signed on intensifying collaboration in the agro-industrial area. It pertains particularly to such areas as flax, potato, vegetable and seed growing and the to the study of new types of agricultural cultures.

The parties agreed, by 1 June of this year, to resolve organizational questions connected with carrying out joint research between the institutes of the Academy of Agricultural Sciences imeni V.I. Lenin (VASKhNIL) and the scientific institutions of the Netherlands during 1987-1990.

A new form of economic collaboration is the agreement signed with the Sebeko cooperative concerning production of feed beans on a compensatory basis. The services of the Dutch side will be paid for with part of the produced harvest. Initial data has been passed to firms in the Netherlands for the establishment of a joint enterprise to produce machinery for seedling complexes.

An agreement has been reached with the Nesako consortium, which envisages the participation of Dutch firms in creating, on the territory of the Kashirskiy agro-industrial combine, facilities for the storage and complex processing of potatoes, vegetables, fruits and berries, a meat combine, a shop for the manufacture of packing and packaging materials and products, enterprises for the production of edible mushrooms, a hot house, and a trade and distribution center. Also foreseen is development of specialized agricultural programs for increasing per head milk yields from cows to 5000 kilograms, potato yields to 300 centners and vegetable yields to 700-800 centners per hectare, and for growing feed crops, including beans, at farms of the Kashirskiy agro-industrial cooperative.

Collaboration will grow closer between the All-Union Scientific Research and Technological Institute for Poultry Raising of the Stavropolskoye broiler association and the Everybreed firm in developing the raising of poultry for meat. It is planned to purchase a line from the Stork firm for the sectioning of poultry.

An agreement was reached with the management of the Unilever firm on the establishment of scientific and technical ties for the purpose of developing new technology for producing margarine at one of our enterprises. The experience of Dutch firms in the production of mixed feeds and the construction of modern hot houses will be studied and disseminated in the most serious of ways.

Even now, with the technical assistance of the Royal Slice seed-growing firm, plants for working up vegetable crop seeds are being built in Krasnodarskiy Kray and Kirovograd Oblast.

Contacts between the USSR and the Netherlands are being successfully developed because they are founded upon a mutually beneficial basis.

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CSO 1825/189

YUGOSLAVIA, USSR SIGN AGRICULTURAL S&T PROTOCOL

Moscow VESTNIK AGROPROM in Russian 8 May 87 p 6

[Interview with M. Z. Milashchenko, vice president, VASKhNIL (All-Union Academy of Agricultural Sciences imeni V. I. Lenin) by VESTNIK AGROPROM correspondent: "Yugoslav Meetings"; first paragraph is source introduction]

[Text] At the end of March 1987 a delegation from USSR Gosagroprom [state committee for the agricultural industry] was in Yugoslavia. The purpose of the trip was to conduct negotiations and sign a protocol on scientific and technological cooperation in the field of agro-industrial production for 1987-1990. Our correspondent asked M. Z. Milashchenko, vice president, VASKhNIL, to share his impressions of this trip.

The Soviet delegation was given the opportunity to visit a number of scientific research organizations and agro-industrial enterprises: (Seme-Belgrad); the corn institute in (Zemun Pole); the Belgrad PK [production complex]; (Pozharovets) APK [agro-industrial complex]; the Danube - Tisa - Danube Institute for Agriculture and Vegetable Growing in Novi Sad; the Institute for Breeding and Plant Growing in Zagreb and other labor collectives.

The scientific research institutions are working effectively. At least two things facilitate this. First is well-organized cadre training. Before they begin active scientific work young scientists are sent for a lengthy period as trainees at well-known world scientific centers. Although this is a costly measure, its effectiveness is unquestionable. Second, the financing of scientific research efforts is carried out mainly on the basis of cost accounting [khozraschet]. The funds for science are formed from contractual earnings, as well as from the sale of seeds, technologies and other scientific products. For example, 12-15 percent of the earnings from the sale of hybrid corn seed enters the coffers of the institute; 74-78 percent goes to the combine (production) and 9 percent to the trade organizations.

In Yugoslavia the scientific intensiveness of products is increasing. Thus, the firm Yedinstvo which has two factories with 2,250 employees, organized its own small institute, design bureau and experimental production.

In Yugoslavia a value is placed upon scientific production. Scientific services are not given gratis. Bureaucratic practices in the leadership of scientific institutions are absent, since, as is known, volunteerism in decision making inevitably leads to economic harm, most of all to those who make the decision.

The successes of Yugoslav scientists in the creation of hybrid corn and the organization of corn seed-growing are especially significant.

Early-maturing hybrids (maturation group FAO-170-180); BTs-177, BTs-183 and BTs-188 are of great interest for our country. Still faster maturing hybrids (maturation group FAO-100, vegetation in 95-100 days) include ZP 206/2, ZP 196, NSSC-180, ZP 192, which are suitable for growing in mountainous areas with a shortage of warm weather. These hybrids are spreading rapidly in the countries of northern Europe. They are being cultivated with great success as a second crop, both for grain and silage. These hybrids are resistant to diseases of the stalk and cob, as well as to low temperatures.

Scientific and technological cooperation between Soviet and Yugoslav scientists is developing actively on questions of the creation of corn hybrids. In 1986 alone 484 hybrids were created jointly, which will be studied this year. Joint research efforts were carried out under production conditions of approximately 260 corn hybrids, including 18 Yugoslav and 9 Soviet. The "Kharkov 300 MV" hybrid is of great interest. It was created by the Ukrainian Scientific Research Institute for Grain Production, Breeding and Genetics imeni V. Ya. Yuryev, jointly with the Institute for Breeding and Grain Production in Zagreb. Also of great interest is hybrid BTs-318, created by the SFRYu Institute for Breeding and Grain Production in Zagreb, jointly with the Moldavian NPO [scientific production organization] Gibril.

As a result of the trip by the Soviet delegation a protocol was signed on further expansion of scientific and technological cooperation. Particular importance is being given to the development of contacts on the following problems:

- breeding of early, cold-hardy corn hybrids, as well as intensive varieties of winter wheat;
- creation of hybrids of sunflower, single-germination sugar beets, as well as high seed-producing varieties of alfalfa;
- development of modern technologies for intensive gardens;
- growing varieties and hybrids of tomatoes, sweet peppers and large onions, and developing technologies for their cultivation.

Cooperation is underway on more than 30 topics in the areas of plant-growing, processing of plant-growing and animal husbandry products, the food industry, designing and construction of agro-industrial facilities, and other matters.

At the negotiations it was recognized as advisable to make wide use of new methods of cooperation, along with the traditional forms: creation of joint

enterprises; contacts based on direct ties between associations and organizations for solving questions of mutual interest of both sides in the fields of plant-growing, vegetable-growing, fruit-growing, breeding and seed-growing, production of packaging materials, hybrid technology and land reclamation.

The desire to create favorable conditions for cooperation will undoubtedly help improve its effectiveness.

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CSO: 1825/199

BULGARIA EXPANDING PARTICIPATION ON WORLD MARKET

Moscow IZVESTIYA in Russian 5 May 87 p 5

[Article by V. Zakharko, IZVESTIYA special correspondent: "Competitors from Sofia"]

[Text] Were it an Englishman or German in my place, Marin Beloyev, chief director of one of the largest scientific production combines in Bulgaria, would also converse with them in their native language. With me he speaks in Russian; he speaks it to perfection.

"If one wishes to reach foreign markets, without a knowledge of foreign languages one can do nothing there," discourses Beloyev. "We have opened foreign language courses at our combine. Many of our engineers and economists are required to take them."

Year after year Bulgaria is opening the doors of its economy wider and wider. Of late its foreign trade exchange has increased rapidly. As it imparts a dynamic, stable and well organized nature to bilateral and multi-lateral cooperation within the framework of CEMA, and actively assimilates its new forms, the NRB [People's Republic of Bulgaria] is also carrying out purposeful work to expand its foreign economic ties with other socialist countries, as well as with the developing and capitalist states. Here new forms are being added to the traditional ones. One of these has already been firmly implemented, and as they say, is paying dividends. Others are being established.

Having concluded his brief monologue on the need to know foreign languages, M. Beloyev names the countries where specialists from his combine are perfecting them: Libya, Morocco, Syria, Iran, Iraq, Greece, Italy, Norway, the FRG... And everything began in this way. As it worked on the construction of dozens of national projects, in 1979 the combine was also authorized to take orders abroad through the foreign trade system.

"Soon," recalls Beloyev, "we went to Libya to install huge liquid fuel reservoirs. We did our very best there. The response we received served as a good advertisement for us in the competition for orders in Morocco. Having also worked well there, we were no longer a "pig in a poke" for investors in Syria. And it worked out..."

Competition is not an abstract topic for the chief director. At first there were seven people in the foreign section of the combine directorate; later its composition was increased four times over. One of the main tasks of the economists and legal specialists in the section is to study the state of foreign markets. But, understandably, the main thing is to be competitive themselves; to meet the level of requirements made by investors. The scientific, design and construction departments work on this. Particular attention is being paid to improving the skills of welders. Currency earnings are used continuously for modernizing the manufacture and assembly of metal work, and for all types of testing of arc welding.

In the NRB economic associations and design and construction organizations have received more direct access to foreign clients. The pay system and currency allocations into their fund encourage workers to be businesslike, resourceful and efficient.

"It is extremely important when fulfilling orders to be efficient," states Belayev. "We have removed many formalities to travel abroad. I, for example, am authorized to send to our projects any worker whom I consider necessary."

Tangra is the first firm on the territory of the NRB that has participation by Western capital. It manufactures 25 million ball-point pens per year.

This figure was told to me by a beautiful woman, who grew up before the war in a Russian family in Bulgaria, then moved to Italy and, as fate would have it, became joint proprietor in Turin of a pen manufacturing enterprise, the management of which is in Switzerland. Alla Ivanova and her spouse Dimitr Gachev and brother Vitaliy Ivanov, seated next to here in the Sofia office of Tangra, recall that in the 1970s their enterprise cooperated closely with one of the Bulgarian firms in the manufacture of writing implements.

"In 1980," further states A. Ivanova, "a resolution was approved in the NRB, which provided an organizational and legal basis for the creation and activity of special companies in Bulgaria. Already quite knowledgeable of the specific nature of the socialist economic system in the NRB, we boldly undertook a new joint venture. Thus the Bulgarian-Swedish firm Tangra was organized with initial capital of \$5 million. We invested \$1 million; the remainder was invested by Bulgarian participants: the Neftekhim Combine and the Khimimport Foreign Trade Organization. A council of directors manages Tangra. It is headed by Bulgarian citizen Emanuil Nikolov. Our relations with him are excellent. You see, they are based on the common interest in final success; i.e., in profit.

Having developed the manufacture of medium grade pens in the Black Sea city of Burgas, some of which the firm leaves for the Bulgarian market, most are exported to Western Europe through trade channels previously developed by the Swiss side of the firm. Some of the income goes toward the subsequent development of production. Currently in Burgas Tangra is completing the construction of a large factory for the manufacture of a broad assortment of pens and pencils out of plastic and various types of metal, including silver and gold.

"After the start-up of the factory we will satisfy the demand for our product in Bulgaria. The Western market will be the main one for our product," states V. Ivanov, "and we have experience in trade and reliable clients virtually throughout the world." Today there are eight more joint companies functioning in the NRB, with the participation of three Japanese, two British, two U. S. and one French firm. Their spheres of activity differ: robotics, electronics, tool making, production automation, biotechnology, services, manufacture of consumer goods.

As it was reported to me, the Bulgarian industrial association is preparing changes to NRB legislation that concern the establishment and functioning of joint companies. Their intention is to remove existing formal barriers, give greater range for initiative on the part of already existing firms and open a wider road for the creation of new ones.

As she invites business people from the West to her territory, Bulgaria also cooperates economically with the capitalist countries by participating in joint companies on their territories, as well as acquiring foreign enterprises. We talked about this at Mineralbank in Sofia, with its chairman, Rumen Georgiyev and chief legal counsel, Svetlozar Velchev.

A few years ago the well known West German firm (Roperwerk), which manufactures metal cutting machine tools and other equipment, found itself in a difficult financial position. Its proprietor, having decided to withdraw from the shattering legal procedures, announced the sale of his firm. According to FRG legislation it could also be transferred to foreign hands.

"I will explain," states R. Georgiyev, "why we, the bank and two other Bulgarian enterprises, joined together and displayed interest in the sale of (Roperwerk.) First, it had a very skilled work force. It is not for nothing that the firm's machine tools have long enjoyed wide use throughout the world. Second, over the course of decades it had set up ties with factories in the FRG and other countries, which deliver components and other parts. Third, networks for the sale of manufactured products and for their maintenance within the country and abroad were no less developed. The prospects of using such close contacts with the international market were enticing to us. The opportunity opened up not only to deliver more machine tools to the NRB, but also to distribute in the West some Bulgarian scientific and technological innovations. After careful study of all aspects of the activity of (Roperwerk), carried out during this forecasting, the Bulgarian side named its price and, as a result, became the owner of the firm located in the city of (Firzen) with an annual production volume of approximately DM60 million.

"Everything there," adds S. Velchev, "remained the same as it was before. The same workers, numbering approximately 400. The same production managers. The wage conditions and relations between the trade union and the administration were retained, on the basis of FRG legislation. The only thing which changed was that Aleksiy Aleksiyev, an engineer from the NRB, became chief of the enterprise. The legal matters have been settled and, although large profits have not yet been obtained, the worst times for the firm are behind. The Sofia owners of (Roperwerk) are optimistic.

Also in the FRG, Bulgaria acquired 75 percent of the capital of the company (Ortman und Herbst), for the manufacture of equipment for the production of non-alcoholic beverages. And a NRB citizen is also successfully managing this company. In Greece a firm for the processing and sale of marble to Western Europe and the U. S. is gaining strength. Bulgaria owns 49 percent of its capital. Today Bulgaria controls blocks of shares of many other industrial firms in Austria, France and Sweden.

Needless to say, the above does not encompass all the ways and forms of ties between the economy of the NRB and the market economy countries, but even the facts presented here are entirely adequate to conclude that Bulgaria, like the Soviet Union and the other states of the socialist community, is conducting a consistent policy of extending business cooperation between East and West; toward the development of such cooperation which is able to create the material basis for a secure and stable peace.

9069

CSO: 1825/184

U.S. ROLE IN LATIN AMERICAN 'BRAIN DRAIN' ASSAILED

Moscow PRAVDA in Russian 8 Jun 87 p 6

[Report by PRAVDA correspondent S. Svistunov: "Talent Thieves: On the 'Brain Drain' from Latin America to the United States"]

[Text] Lima, [Peru], June--The United States accumulated its initial capital to a large degree through the slave labor of black slaves. Later on they began calling oil "black gold," but in those times it was the fabulously cheap African labor. One would think that this disgraceful era had disappeared into oblivion a long time ago. The fact is, however, that colonialism as a form of exploiting less developed countries has only been transformed; it has put on the "white gloves" of more refined forms and methods of parasitism, or else undisguised plunder of foreign resources. Including human resources.

One of the relatively new forms of neocolonialist exploitation of developing states--they began actively making use of it in the 1960's--has become the so-called "brain drain," which is interpreted as the theft of talented persons and highly skilled specialists. Precisely theft, despite the fact that they leave the countries of Asia, Africa and Latin America for the West as if by their own free will, but the great-great-grandchildren of the Alabama and Louisiana plantation owners who are hiring them now head respectable computer and space technology firms, and of course, fabulously lucrative enterprises which live on Pentagon contracts. Theft, because industrially developed countries are taking tens of billions of dollars out of the pockets of developing states as a result of the wide-scale "brain drain."

According to UNESCO data, 143,000 highly skilled specialists left developing countries for the United States between 1949 and 1969. According to American Life Insurance Institute calculations, their professional training is valued at 5 billion dollars. If it is taken into account that each graduate of a higher educational institution brings the employer an average of 440,000 dollars of income over a 20-year period, that comes to 63 billion dollars more. Now, in 1987, and bearing in mind that the "brain drain" is constantly increasing, these sums can easily be doubled or even tripled.

The "brain drain" from Latin America has become particularly alarming and widespread. Today every fifth university graduate contracted to the United States is a Latin American. According to UNESCO sources, every year Latin

America loses 8 percent of its higher technical school graduates and 20 percent of its humanities graduates in the "export of specialists." The "cream of the crop" are taken away in the process, as a rule. So from 1961 to 1971, 35 prominent mathematicians, 132 physicists and 769 biologists and biochemists left the continent for the United States.

The basic lever which guarantees the "brain drain" is the overall economic dependence, and scientific and technical dependence in particular, of the developing states on the Western countries and foreign capital. It would be naive to assume, however, that the exodus of specialists from "the Third World" is spontaneous, a sort of objective process governed only by the market of supply and demand maintained by the imperialist monopoly for the basic achievements of scientific and technical progress in the economic system of capitalism. U. S. Secretary of State Dean Rusk in his time declared in an outburst of frankness: "The immigration of specialists, if it is organized properly, can be turned into one of our nation's most important resources."

The transnational corporations are the main "pumps" which are draining the "gray matter."

The higher education scholarships and other types of grants from the West are another powerful magnet attracting talented individuals. A prominent role in this process is played by the so-called cultural development funds which are financed, as a rule, by the same TNK's [transnational corporations].

Not infrequently, the United States and other Western countries provide financial and other types of aid for scientific programs in developing states. It does not have the smell of disinterestedness here, however: the "donors" invariably seek to derive solid dividends for themselves.

One of the examples of such "cooperation" is the La Molina Agrarian University in Lima. The United States is financing a number of scientific research programs here. In particular, they are actually running the International Center for Potato Research on the basis of the university (even the director of it is an American).

The center has been in operation for many years. American farmers and agriculture in the United States have made colossal profits from the center's research. Well, what about the Peruvians themselves, though? Potato growing here continues to remain one of the least productive sectors, backward technically and in plant breeding. Moreover, it is precisely from La Molina that a large exodus of specialists to the United States is being observed.

A similar situation also is being observed at the capital's prestigious Caetano Heredia University, which graduates medical specialists. A number of the university's scientific programs also are being financed from the United States. But the flow of graduates is turned in the opposite direction.

The problems of the drain of skilled personnel and a more consistent policy in the field of education by developing states have been the subject of discussions repeatedly at the UN General Assembly, in reports by its

specialized institutions (particularly UNCTAD), at conferences of the heads of state and government of nonaligned countries, and at other international forums. By aiding a number of developing states in training their personnel, the socialist countries are making an important and disinterested contribution.

The export of talented individuals has been turned into a superprofitable imperialist business. What kind of equal rights in economic relations can be discussed while the plunder of developing countries' natural and human resources continues? Putting an end to it means taking an important step on the path toward their true independence.



Postscript by cartoonist D. Agayev

- Key: 1. Diploma with Honors  
 2. "All doors are open for you with such talent!"  
 3. U. S. monopolies

8936

CSO: 1807/342

**REPORTING ON TOSHIBA AFFAIR**

**Japanese Aide on Export Controls**

PM271801 Moscow IZVESTIYA in Russian 22 Jun 87 Morning Edition p 3

[Interview with Hiroshi Fujiwara, deputy chairman of the Japanese Ministry of International Trade and Industry Security Export Control Office, by own correspondent S. Agafonov, under the "Facts, Events, and Opinions" rubric: "Behind the Events: Interview on Secret Issues"]

[Text] Tokyo--The ministerial system in Japan is hardly noted for innovation. The creation of a new subunit within the Japanese Ministry of International Trade and Industry has therefore been regarded as an extraordinary event.

The major Japanese newspapers, however, have maintained a concerted silence over the addition of this link to the ministry system. Comment on the event has mainly been only off the record. The information is as follows: On 5 June a special commission to monitor the export of strategic goods was set up in the ministry by decision of the cabinet.

Against a background of 2 months of unremitting hullabaloo surrounding a so-called leak of strategic goods via Toshiba Kikai the Ministry of International Trade and Industry decision has attracted special attention, since it alters the whole status of the "affair": What is involved now is no longer a matter of trade but of politics. In short, there were grounds for seeking additional clarification from the ministry.

It turned out to be no easy job locating the special new subunit. The ministry information service found it difficult to help me and I was sent from one office to another in a seemingly endless way. But my time was not wasted and I did manage to have an interesting telephone conversation. The chief of the new commission was very busy and was constantly out. His deputy evinced no enthusiasm to meet me either but was amenable to persuasion, and a conversation did take place.

To fill in the information gap regarding the special commission I should tell you that it is located in section number 8 on the 16th floor of the east wing of the main ministry building. Hiroshi Fujiwara, deputy chairman of the commission, had not had time to provide himself with new visiting cards and so

his old card had hand-written on it "Security Export Control Office." Moreover, there was another young man present who took down the answers and questions in shorthand. I hope that we both recorded the dialogue without distortions.

[Agafonov] What was behind the setting up of your commission and what are its goals?

[Fujiwara] As you know, an event recently took place which provoked a large reaction, a reaction akin to shock. A grave breach of the export rules was committed by Toshiba Kikai, resulting in an outflow of technology. This had never happened before. It was a premeditated act designed to hoodwink the ministry in which not just individuals but the company as a whole were involved. To prevent any recurrence of such incidents a review of the whole system of checking and issuing authorization for export deals was carried out. The commission is an integral part of that process.

[Agafonov] Your commission controls the export of so-called strategic goods. What does that mean?

[Fujiwara] In determining the strategic importance of a particular export item we are guided by the resolution on export control adopted by the cabinet. The resolution has an appended list of goods, which is changed from time to time. The list presently contains 222 items. You can find out what they are, it is published.

[Agafonov] Does the document concern only socialist countries or is it of general application?

[Fujiwara] We do not have a special list for communist countries. Nothing of that kind exists at all.

[Agafonov] Does that mean that the delivery of Toshiba Kikai machine tools would also be illegal if their purchaser were, for example, the United States? Since, if the list is a common one, the prohibitions too are common, affecting everyone.

[Fujiwara] It all depends on the content of the deal and the way the application is drawn up.

[Agafonov] Let us presume that it is drawn up perfectly. What then?

[Fujiwara] If the documents contain any attempt at deception, we refuse it.

[Agafonov] But even if there is no deception, there still exist general rules and the government list?

[Fujiwara] I ought to say that in the export field we rely, in addition to the rules and the list, on three further important principles: In our country there is a ban on the export of weapons and military technology, there is a restriction on the export of nuclear technology, and we have a commitment under East-West accords that demand the pursuit of a common line.

[Agafonov] What do you mean by accords? Do you mean the recommendations of the Coordinating Committee for Controlling Exports to Socialist Countries (COCOM)?

[Fujiwara] Yes, we participate in COCOM.

[Agafonov] I can also look up the COCOM restrictions list, it is published?

[Fujiwara] By decision of COCOM participants all documents concerning the organization are secret in nature, they are secret.

[Agafonov] So, a company can make an export application to the Ministry of International Trade and Industry without ever knowing what has or has not been authorized by COCOM?

[Fujiwara] All companies are familiar with the list approved by the cabinet...

[Agafonov] ...which has, to put it mildly, little to do with trade with socialist countries, since another standard, the COCOM standard, operates in that sphere. It is well known that the United States plays the leading role in that organization. Does this mean that it is American interests that shape the COCOM recommendations?

[Fujiwara] Recommendations are put forward at general sessions involving all participants. On the whole, however, our most important criterion is free trade.

[Agafonov] Excuse me, but a question arises out of your last remark: Do not COCOM's recommendations serve as a barrier to that very "free trade?" How can you, for example, reconcile export restrictions with the Soviet-Japanese trade treaty and other joint documents where the governments of both countries commit themselves to promoting the development of trade and economic relations?

[Fujiwara] Every country has its own restrictions. And as for freedom of trade, that does not imply an absence of order or control. I do not see any contradiction here.

At that point Mr Fujiwara brought the conversation to an end, saying he had a telephone call to make. I said I was willing to wait, but to no avail, as my interlocutor had one business meeting after another and then a conference scheduled after his telephone call...

COCOM has existed since 1949. Its headquarters are located in Paris, one of the residences belonging to the American embassy there. The names of the staff members of this enigmatic organization are kept secret.

The decisions taken by COCOM do not, from the juridical standpoint, constitute a document with force of law. They are a kind of "gentleman's agreement." There is, for example, no law on export restrictions in Japan. Toshiba Kikai is charged with breaches of prohibitions laid down by COCOM, but those prohibitions have no legal force.

An increasing number of commentators and specialists are inclining to the view that the hullabaloo about breaches of COCOM restrictions is of benefit to the United States alone.

#### Moscow Commentary

OW051205 Moscow in Japanese to Japan 1000 GMT 3 Jul 87

[Dmitriyev commentary]

[Text] In the past 2 months the issue of Toshiba Machine Company, a company charged with having conducted illegal exports to the Soviet Union, has changed from a small anti-Soviet fuss into a big political, economic, and--most recently--military issue.

During his recent visit to Japan, U.S. Secretary of Defense Weinberger said that the sale and delivery of four machine tool units to the Soviet Union 5 years ago did great damage to Western security. He claimed that the Soviet Union was able to further reduce the noise caused by its submarine propellers thanks to the Japanese machine tools, thereby making it difficult to spot Soviet submarines. This belief originated in the United States. This theory has not been substantiated by facts; yet, a notice was conveyed to the Japanese government based on this theory.

The Japanese government did not request that this theory be substantiated with facts. Instead, in a surprisingly speedy manner it called the Toshiba Machine Company to account for its act. It was a good opportunity for the Japanese Government to show its loyalty to the United States in the hope of favorably resolving the issue of abolishing the import restrictions imposed against Japan since April this year.

Subsequent Japanese police investigations failed to produce evidence that the machine tools of Toshiba Machine Company were used in processing propellers for Soviet submarines. Therefore, the claims have been nothing more than mere conjecture. Nevertheless, the United States also implicated Norway's Kongsberg Company in this issue, thereby turning it into an international affair.

Kongsberg Company is now charged with exporting a computerized system used for the Toshiba Machine company-produced machine tools exported to the Soviet Union. In this connection, Professor (Obindo Bierke) of Norway, who has been engaged in developing such a computerized system for over 20 years, pointed out that this exaggeration was nothing but a product of hypocrisy and a backstage trick.

COCOM, the Coordinating Committee for Promotion of Export to Communist Countries, an international organization which, under U.S. guidance, decides as to what items are allowed to be sold to socialist countries and what items are not, has rich experience in such kind of scheming. The COCOM list of embargoed items includes many commodities which cannot be considered strategic weapons, no matter how one stretches one's imagination. It is the result of backstage dealings among COCOM member nations such as the United States, West Europe, and Japan.

Commenting on the fuss involving the Toshiba Machine Company, NIHON KEIZAI SHIMBUN pointed out that U.S. scientific and technological strategy is directed at its Western allies rather than at the Soviet Union. Nevertheless, the Japanese government favorably accepted Secretary of State Weinberger's pre-emptory remarks. Prime Minister Nakasone promised to step up surveillance on exports to socialist nations. In addition, he proposed that Japan cooperate in increasing antisubmarine capability in compensation for the damages caused to U.S. security.

Needless to say, it is absurd to think that four processing machine tool units in the Soviet Union could endanger the defense of the United States, a military power. As U.S. Navy Lieutenant Commander Robertson said, U.S. submarines are invariably superior in terms of reducing noise levels. The WALL STREET JOURNAL carried Lt Commander Robertson's statement saying, "We are far superior." As indicated by this expert's remark, no damage was done at all to U.S. military capability.

Then, why all the fuss? The WALL STREET JOURNAL published the views of some people saying that the fuss was a trick designed to increase military expenditures. We can say that these people really got at the heart of the issue.

According to data revealed thus far, the U.S. Navy requires about \$100 billion in the next 10 to 20 years in order to build a new type of attack submarine. The U.S. Navy also seeks billions of dollars of appropriations to purchase a new type of antisubmarine patrol aircraft and remodel a short-range tracking system. The Toshiba Machine Company incident has served as a lever in winning a new promise from the Japanese leadership to cooperate in realizing these goals. Secretary of Defense Weinberger's remarks at a press conference in Tokyo prove that these goals are not of a defensive nature. He said, "We should have the advantage in submarine warfare capabilities."

Of course, the Toshiba Machine Company incident should not be viewed only from the military angle. U.S. Congressmen, together with Secretary of Defense Weinberger, are planning to make economic profit from the issue. The U.S. Senate adopted a resolution calling for a ban on the import of Toshiba products for 2 to 3 years. The chairman and president of Toshiba resigned as a consequence.

According to an observer in Tokyo, the recent U.S. pressure on Japan in connection with Toshiba Machine Company's so-called illegal exports to the Soviet Union represents an open U.S. retaliation against Japan, its rival in the Far East and a continuous winner in the trade war.

/9738

CSO: 1825/219

JAPANESE-SOVIET JOINT TIMBER VENTURE AGREEMENT SIGNED

[Editorial report] Moscow LESNAYA PROMYSHLENNOST in Russian 13 June 1987 p 1 reported the signing on 11 June 1987 of a Japanese-Soviet agreement to form a joint wood-processing enterprise in the USSR. The enterprise, Igirma-Tayrik, which will produce high quality parts for wooden houses, will be the first enterprise in the USSR based on cooperation between Soviet organizations and capitalist firms. Igirma-Tayrik will be located in the urban-type settlement Novaya Igirma in Irkutsk Oblast. The Soviet side (with a 51 percent share) is represented by the All-Union Irkutsklesprom Timber Association, and the Japanese side (with a 49 percent share) by the Tairiku Trading Co., Ltd. The plant will be built by the All-Union Soyuzlesstroy Association. The Soviets will provide construction materials and Soviet-made equipment and will supply raw materials, power resources, transport, and public services. The Japanese will supply sets of technological equipment and spare parts for it, individual construction designs, tools, and production materials and will be responsible for equipment installation and start-up operations.

CSO:18 25/ 217-P

USSR ADOPTS 'WAIT AND SEE' ATTITUDE ON EVENTS IN SOUTH KOREA

Moscow IZVESTIYA in Russian 6 Jul 87 p 3

[Article by IZVESTIYA correspondent in Tokyo S. Agafonov: "Concession or Manuever?"]

[Text] The sharp exacerbation of the internal political crisis in South Korea, entailing mass anti-government demonstrations throughout the country and the inability of the repressive apparatus to "restore order" by means of terror has forced the Seoul leadership to make serious concessions to the opposition and come out with a package of compromise measures.

I remember: In the beginning the chairman of the ruling party Roh Tae Woo called for resuming the dialog with the opposition forces; then South Korean president Chun Doo Hwan made an appeal to the population of the country in which he supported a package of compromise measures, although he stated that he did not completely share some of its positions. Among the concessions on the part of the leadership were the promise to hold direct presidential elections, to release political prisoners, to restore full rights to one of the opposition leaders, Kim Dae Jung, and to guarantee freedom of speech and the press.

Such a radical turnabout in the positions of official Seoul was unanimously regarded as a victory for the democratic forces. At the same time, however, it was noted in the local press that it is still early to make any kind of conclusions concerning the long-range development of the situation in South Korea.

In the opinions of observers, the current "warming" of Seoul's policy was caused not only by pressure from the opposition, but also by behind-the-scenes manuevers of the U.S. The White House was seriously worried by the growth of the anti-government demonstrations in South Korea, which in recent times had borne, to a large degree, an anti-American coloring. The escalation of tension in the country threatened the strategic interests of the U.S., and in Washington everything was done in order not to allow a catastrophe to occur.

It is necessary to recognize that the political combination played out at the beginning of this week an was unusually successfully planned. The ruling party succeeded in large measure in seizing the initiative from the hands of the opposition and in turning to the sympathy of the "silent majority" of the population. Roh Tae Woo, whose official designation as presidential successor to Chun Doo Hwan served as the starting point for the people's agitation, turned from a target of the sharpest criticism almost into a hero.

It is impossible not to note the stream of information, particularly from American sources, that says that the compromise package which the ruling party put forward was the fruit of a behind-the-scenes deal between Roh Tae Woo and chairman of the largest opposition party Kim Young Sam. This deal (according to the intentions of the maneuver's authors) was intended to isolate the other leader of the opposition camp, Kim Dae Jung.

Much is being written about the contradictions between the two Kims. The split in the opposition forces, in the opinion of the majority of observers, will be tantamount to a new victory of the ruling party in the presidential elections. From this point of view, the version of the agreement can be evaluated in only one way--as an attempt to cause a chill of distrust and suspicion in relation to the leaders of the democratic movement.

It hardly makes sense to guess about the further long-range development of events in South Korea. In the final analysis, all the promises made by official Seoul have not yet become specific actions, and the opposition has no clear program of action in the new conditions. Thus, it is necessary to wait with our conclusions.

CSO: 18 07 /358

SOVIET POLITICAL COMMENTATORS VIEW SITUATION IN LEBANON

Bovin: Crisis Continues

Moscow IZVESTIYA in Russian 22 May 87 p 5

[Article by A. Bovin: "Lebanon Tied in Knots," under the rubric "Political Observer's Opinion"]

[Text] Lebanese Prime Minister R. Karami handed in his resignation at the beginning of the month. This step was caused by the government's impotence and its inability to master the situation and direct the development of events in the country.

The main right-wing Christian groups are in favor of the premier's resignation, albeit to different degrees. The Muslim groups have no one opinion -- some are "for" while others are "against." The process of clarifying stances continues.

The present government crisis is a reflection of the profound, prolonged crisis which holds Lebanese society in its grip. The heart of the permanent conflict is a struggle for power or, to be more precise, for a redistribution of power. Lebanon is the only country where seats in parliament and top state and administrative posts are rigidly divided among religious communities (the confessional system). For example, the president is always a Maronite Christian, the premier is always a Sunni Muslim, and so on and so forth. The general ratio -- 6:5 in favor of the Christians -- was established in 1943 and reflected the prevalence of the Christian population in Lebanon.

However, as time has passed the Muslims have begun to take precedence in the demographic contest. Their proportional weight in the country's economic life has also increased. Hence the growing demands by the Muslim leadership for end to this political "suppression" and for a "share" of power corresponding to the size and influence of the Muslim population.

In practical terms it is a question of abolishing the confessional system and replacing it with a "normal" parliamentary regime. This demand by the Muslim leadership has broad support among left-wing Lebanese forces in favor of radical economic and political reforms. And, naturally, it is also encountering broad opposition among right-wing Christian forces -- primarily

the Maronite Kata'ib party and the "Lebanese Forces," which are armed Maronite detachments.

The Palestinian factor plays a relatively independent role. There are hundreds of thousands of Palestinians in Lebanon. The majority of them are refugees from 1948. The armed formations of the Palestinian resistance movement appeared in Lebanon in 1971 after they had been forced out of Jordan by King Hussein. It goes without saying that throughout the civil war Palestinian resistance movement detachments have supported the Muslims and acted on the side of the national-patriotic forces.

The Israeli attack on Lebanon resulted in the armed Palestinian resistance movement detachments being forced to leave Lebanon, which has strengthened the positions of the right-wing Christian forces. In imposing on official Beirut the 17 May 1983 agreement to end the war, Tel Aviv counted on consolidating the Israeli influence in Lebanon and gradually removing Lebanon from the ranks of the anti-Israeli Muslim world. This has not happened. The Israeli action helped to unite the national-patriotic forces and strengthen their cooperation with Syria. And when the Israelis left Beirut, pressure on the president by the national-democratic forces compelled A. al-Gemayel to annul the 17 May agreement. It seemed as if the way was clear to reaching an accord on internal Lebanese affairs.

And, indeed, at the end of December 1985 the leaders of the "Lebanese Forces" (Maronites), the Progressive Socialist Party (Druze) and the Amal (Shi'ite) met in Damascus to sign an agreement on political reforms. The agreement envisaged abolishing the confessional system over the course of 9-12 years. There was an appreciable reduction in the president's powers. A ministerial council was set up to monitor the implementation of the reforms, comprising Maronites, Orthodox Christians and Catholics on the Christian side and Sunnis, Shi'ites and Druze on the Muslim side. The proposed reorganization of the army set the aim of removing it from the influence of the military-political groupings. The "Arab nature" of Lebanon was recognized and the need to coordinate actions with Syria (the "Arab and Syrian option").

A. al-Gemayel welcomed the agreement. But, in fact, he was against it, as demonstrated by his actions rather than his words. The leadership of the Kata'ib party was also against it. Acute conflict within the leadership of the "Lebanese Forces" ended in street fighting in east Beirut. The opponents of the Damascus agreement emerged the victors. The agreement was wrecked.

The year 1986 was more or less calm. The right-wing Christian forces did some maneuvering and drew up plans to settle the conflict with the indispensable condition that the confessional system would remain, thereby preserving their rights and advantages. An attempt by Y. Arafat to return some of his fighters to Beirut met with resistance among the Shi'ites. Clashes began between the Amal and the Palestinians. Syrian security forces were brought into West Beirut to limit these clashes and, if possible, to end them. A ministerial-level "national dialogue" began in the fall but soon petered out.

Stubbornly defending their privileges and opposing the "Arab and Syrian option," right-wing Christian groups overtly and covertly enjoy Israeli

support. Back in 1976 Lebanese President S. Franjiyah appointed Major S. Haddad commander of the Lebanese Army battalion in southern Lebanon and authorized him to maintain a link with the Israelis. In 1979 the major renamed the Lebanese territory under his control "Free Lebanon" and his battalion the "Army of South Lebanon." In 1984, after the death of S. Haddad, the "army" was headed by General A. Lahd. There are approximately 2,400 people in the "army," of whom half are Christians and the rest Druze and Sunnis. The soldiers wear Israeli Army uniform and are totally provided for by Israel. Lahd's detachments protect the Israelis against attacks by Lebanese patriots and Palestinians. In political terms, the status of Lahd and his troops is intended to encourage separatism in Lebanon and its division into independent "cantons" and to consolidate the Israeli occupation of part of Lebanon.

It is the opinion of the national-patriotic forces and also of Damascus that the withdrawal of Israeli troops from the regions of southern Lebanon is an indispensable condition of normalizing the situation in the country.

Meanwhile the government crisis continues. The premier insists on the irreversibility of his decision. The president is concerned, however, that his acceptance of the resignation will create a "constitutional vacuum." He would prefer to formally accept the resignation but instruct R. Karami and the government to continue their duties. Rumors that A. al-Gemayel himself is about to resign have been refuted by his office.

#### Geyvandov: Karami's Death

Moscow IZVESTIYA in Russian 3 Jun 87 p 5

[Article by IZVESTIYA political commentator Konstantin Geyvandov: "A Blow to the Hopes of the Lebanese"]

[Text] Prime Minister Rashid Karami of Lebanon has been criminally murdered. The life of one of the authoritative state and political figures of the country has been cut short, a patriot who adhered to a firm policy defending the unity and national sovereignty of the state, giving all of his strength to the struggle to restore peace in Lebanon, drive the Israeli usurpers from its territory and achieve national reconciliation.

Since the time the civil war began in Lebanon in 1975, and later when the aggression of Israel was unleashed against it, R. Karami twice headed the Lebanese government for a long period. I came to know him well and over six years of work in the country met with him often. He was a skillful interlocutor and a wise politician and could talk for a long time with enthusiasm on the prospects opening up before the Lebanese people with the achievement of national concord and the implementation of widespread democratic transformations, whose necessity he felt acutely.

Later, after the end of my work in Lebanon, I met with R. Karami on each of my visits to the country. This occurred for the first time in the north in his native Tripoli in August of 1982. I recall how he, surrounded by his

advisers, energetically discussed plans for the organization of resistance to the Israeli aggressors. R. Karami never tired of repeating that the Lebanese people would not cease the struggle until the last occupier had been driven from Lebanese soil. The last time, he intended to receive me in Beirut last summer, but literally an hour before the meeting flew urgently to Damascus to discuss a new opportunity for restoring peace in the country that had appeared. In an apologetic note he promised to see me next time. This, unfortunately, will not be...

R. Karami considered the Lebanese crisis to be closely allied with the Arab-Israeli conflict and was one of the most active fighters for an all-embracing, just and lasting Near Eastern settlement. He invariably emphasized therein that such a solution must necessarily presuppose the removal of Israeli troops from all of the Arab territories occupied since 1967 and the complete restoration of the lost rights of the Arab people of Palestine, including their right to self-determination and the creation of their own state. The Palestinian problem was a matter of great pain for him. The Lebanese prime minister had recently raised his voice repeatedly in defense of the Palestinians when the bad memory of the "camp wars" occurred in Lebanon.

Prime Minister Rashid Karami was a great friend of the Soviet Union and visited our country repeatedly. In his statements he had a high regard for the positions of the USSR, both on issues of resolving the Lebanese crisis and preserving its independence, unity, integrity and sovereignty, and on a Near Eastern settlement. R. Karami felt it essential to repeat every time that the Soviet Union is a true friend and tested ally of the Arab peoples and its proposals to settle the conflict in the Near East open up the only correct path to establishing lasting peace and security in the region.

Political murder is the unanimous verdict on the cowardly act that led to the untimely demise of Lebanese Prime Minister R. Karami. And, being cognizant of this tragic fact, it is very difficult to be rid of some symbolic associations connected with the time to which this evil act is confined.

I recall that in the first days of June is the 20th anniversary of the beginning of the Six-Day Arab-Israeli War and 5 years since the intervention of Israel in Lebanon, the consequences of which have yet to be eliminated. The demise of R. Karami can only signify an effort to strike a blow against the hopes of the Lebanese and Arab peoples. It therefore seems that the best memory of him in the extant situation would be a cohesion of all of the progressive, patriotic and healthy forces of the country and a determined activation of their struggle to drive out the Israeli usurpers and preserve an independent, unified, sovereign and democratic Lebanon.

That is what Rashid Karami gave his life for.

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CSO: 1807/338

IZVESTIYA INTERVIEWS PLO'S NAYIF HAWATIMAH

PM111241 Moscow IZVESTIYA in Russian 6 Jun 87 Morning Edition p 5

["IZVESTIYA Interview" with Nayif Hawatimah, secretary general of the Democratic Front for the Liberation of Palestine (DFLP), by M. Kozhevnikov: "Ending Strife Once and For All"--date and place of interview not given, first two paragraphs are IZVESTIYA introduction]

[Text] The IZVESTIYA editorial office receives many letters asking us to report on the situation within the Palestinian resistance movement. Recently Nayif Hawatimah, a prominent Palestinian figure and secretary general of the DFLP was our guest.

Nayif Hawatimah was born in Al-Salt (East bank of the Jordan) in 1935. He wanted to become a doctor. He was an active member of the "Arab nationalists' movement." For a long time he lived in Iraq, then in South Yemen. Since 1969 he has headed the DFLP, one of the main Palestinian organizations within the PLO.

[Kozhevnikov] The 18th session of the Palestine National Council [PNC] was held in Algiers recently. How do you rate its results?

[Hawatimah] This session will go down in the history of the Palestinian resistance movement as a "unifying" session. It has signaled the Palestinians' desire to close their ranks, to put an end to strife. A realistic program of action for the future was adopted. The forces which have in recent years tried to divert the PLO from its principled course to a path of appeasement and capitulation, thus causing a split within the organization, have been defeated. A resolute "no" rang out at the session in Algiers to any plans for a separate settlement of the Near East conflict on the lines of the Camp David agreements, the Reagan Plan, administrative autonomy, and so forth. The common aims of our struggle against imperialism, Zionism, and Israeli expansion and for ensuring the legitimate national rights of the Arab people of Palestine, including their right to self-determination and the creation of their own independent state provide the basis for our unity today.

However, we have no right to rest content with what we have achieved. The resolutions of the Algiers PNC session must be translated into real actions and the responsibility for this rests with the new lineup of the PLO Executive Committee. Incidentally, the leadership of our organization is henceforth to be based on the principle of collective decision-making to be applied to political as well as military and organizational questions. We have taken account of the mistakes of past years when this principle was frequently violated.

[Kozhevnikov] Can we assume that PLO unity has now been definitively restored, or are there still some unsolved problems?

[Hawatimah] In Algiers we have surmounted the main hurdle. We have discarded--irreversibly, we hope--factionalism and division which have greatly damaged our cause. However, we are aware that in order to elaborate a definitive formula of national unity it is necessary to continue the dialogue between the various detachments of the Palestinian resistance movement within the PLO, including organizations which did not take part in the session in Algiers.

The PLO is open to all the true patriotic forces of the Palestinian resistance movement, irrespective of their political views or ideological platforms. The only criterion is loyalty to the nationwide Palestinian revolution program.

Not all difficulties have been overcome, of course. Even inside the PLO itself differences remain, particularly involving tactics and methods to be employed in the course of our activity. As I have already mentioned, the mutual relations between individual Palestinian groupings are not entirely smooth. We intend to resolve all these problems gradually. Our enemies are still hoping to thwart the process of the restoration of Palestinian unity. Therefore we regard the defense of the gains of the Algiers meeting against all attacks and provocations as the key task at the present stage.

[Kozhevnikov] The Soviet Union has called for breaking the deadlock in the Near East conflict. What, in your view, should the Arab states and the PLO be doing to promote this process?

[Hawatimah] Your country has always favored a comprehensive settlement of the Arab-Israeli conflict and a just solution of the Palestinian problem. We highly appreciate this principled stance and we are grateful to the Soviet people for the support which they have given to the Palestinians.

It is very important, in our view, that the Soviet Union is consistently promoting the idea of the convocation of an international conference at which all interested parties, including the PLO, could discuss ways of settling the Near East conflict. Thanks to the USSR's persistent efforts, this idea has won widespread international recognition. The convocation of such a conference is now favored by the countries of the Nonaligned Movement, the EEC, and the Islamic Conference Organization.

The PLO also seeks to contribute to the cause of preparations for such a forum. What do we regard as our main tasks at the moment? First and foremost the consolidation of the ties between Arab states and the elaboration of a united pan-Arab stance on the Palestinian problem. The erosion of the Palestinian cause as a result of current differences in the Arab world must be avoided at all costs. This idea rang out at the Algiers session of the PNC whose delegates expressed themselves in favor of the establishment of normal relations with all Arab countries on the basis of equality and mutual respect. I would like to emphasize especially the importance of the normalization of relations between the PLO and Syria in the interests of the joint struggle against the American-Israeli collusion. A special committee has already been set up for conducting the dialogue with Damascus. As for the relations with Egypt, they should, in our opinion, be made dependant on Cairo's renunciation of the Camp David course and of its attempts to export the idea of separate deals to other Arab states.

The questions of strengthening inter-Arab solidarity and overcoming strife between individual countries are now more acute than ever before. In our view, another Arab summit could contribute to their solution. At the session in Algiers we agreed to work toward the convocation of such a forum. It would be called upon to confirm the role of the PLO as the sole legitimate representative of the Arab people of Palestine and to elaborate a mechanism for the implementation of the 1982 Fes Peace Plan. A summit conference would also be useful in the context of preparations for an international conference on the Near East at which the Arabs and the PLO must proceed from coordinated positions.

[Kozhevnikov] The complex and acute conflict in the Near East has, unfortunately, been going on for a long time. What, in your view, is thwarting the efforts aimed at the establishment of lasting peace in this region?

[Hawatimah] We are convinced that the main obstacle now as before is the actions of the United States and Israel aimed at burying the Palestinian problem and depriving the Palestinian people of their legitimate national rights forever. Precisely this is the aim of Washington's course toward involving Arabs in separate deals with Israel. Incidentally, an international conference on the Near East as conceived by the U.S. Administration is merely to serve as a "cover" for bilateral talks between Israel and Jordan. Neither Washington nor Tel Aviv wants to hear anything about the PLO's participation in such a conference. Both President Reagan and Secretary of State Shultz have said that the PLO "has no right" to act as the sole legitimate representative of the Arab people of Palestine. We regard these statements as hostile. They indicate an obvious unwillingness on the part of the United States to consider our just demands and a comprehensive solution of the Near East conflict is impossible unless these demands are met. The United States is trying to foist its options for a "settlement" on the Arab peoples, options from which only its ally--Israel--stands to gain. Unfortunately, in certain Arab capitals illusions are still being entertained about the possibility of establishing a lasting peace in the region along U.S. lines.

[Kozhevnikov] What is the impact of the armed conflict between Iraq and Iran on the situation in the Near East in general and on the struggle of the Arab people of Palestine in particular?

[Hawatimah] I would like to recall a remark by the Israeli Defense Minister Rabin which he made during a press conference. According to his words, the Israeli leadership is extremely pleased that it has proved possible to conclude a separate deal with Egypt and also that the war between Iraq and Iran has now been going on for 7 years. Rabin's cynical admission hardly requires any special comment.

Indeed, our enemies are undoubtedly profiting greatly from our troubles. And the senseless bloody conflict between Iraq and Iran does not concern the peoples of the two warring states alone, it is a tragedy for the whole Muslim world. It also inflicts considerable damage on the Palestinian cause. Iraq is now virtually detached from the Arabs' joint struggle against the Israeli expansion. And the contribution to this struggle of the Arab states of the Persian Gulf could be much more substantial but for the conflict which is threatening their security.

Furthermore, the Iran-Iraq war serves as a pretext for the buildup of U.S. military presence in the Persian Gulf and this, in turn, is further aggravating tension there. Since the outbreak of the conflict we have appealed to Iraq and Iran to suspend military operations and resolve all controversial problems at the negotiating table. At present the PLO is planning new steps aimed at ending the war in the Gulf.

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CSO: 1807/363

KRASNAYA ZVEZDA VIEWS HISTORY, STATUS OF MIDEAST

PM091803 Moscow KRASNAYA ZVEZDA in Russian 7 Jun 87 First Edition p 3

[Own observer Viktor Vinogradov "Military-Political Review": "Finding a Way Out of the Impasse"]

[Text] 5 June 1967

Israel launched the "six-day war" against Egypt, Jordan, and Syria, during which it seized the Sinai Peninsula, the Gaza Strip, the Golan Heights, the West Bank, and East Jerusalem. The Zionist aggressors occupied, all told, almost 70,000 sq km of Arab land, which was three times the size of Israel's 1949 borders.

7 June 1981

Israeli planes carried out a barbaric raid on a nuclear research center in a suburb of Baghdad, resulting in deaths and injuries.

6 June 1982

A 50,000-strong task force of the Israeli Army, supported by tanks and aircraft, invaded Lebanon with the aim of physically destroying the PLO. What was the outcome of this criminal adventure? More than 70,000 dead and wounded Lebanese and Palestinians, of whom at least 60,000 were civilians; tens of thousands of people herded into concentration camps; 14 Palestinian camps wiped off the face of the earth; and more than 30 villages razed.

These are just three dates from the sinister chronicle of bloody crimes attributable to Tel Aviv's rulers. They have been chosen by me precisely because they occurred on ordinary days in June. But the innocent victims who perished as a result of these aggressive actions do not go down on the blood-stained record of the Israeli military alone. Responsibility for the crimes perpetrated also lies with the United States, which, acting behind the scenes, encouraged Israel to commit these criminal acts and helped their execution.

Thus, as has been acknowledged by D. Ness, U.S. former charge d'affaires in Cairo, the effectiveness of the strikes carried out by the Israeli Air Force on 5 June 1967 was assured to a considerable degree by intelligence data about the Egyptian military installations which the Americans obtained via satellites and spy-planes and conveyed to the Israelis through secret channels. History repeated itself on 7 June 1981. The Israeli Air Force was then able to reach the Baghdad suburb and destroy the scientific research center located there. This piratical incursion was backed up by American AWACS aircraft stationed in Saudi Arabia. It should be added that the Israeli pilots carried out the raid in U.S.-made planes. And finally, the invasion of Lebanon in 1982 was carried out not only with American weapons, with which the Israeli arsenals were literally stuffed, but also under Washington's "military-political protection" (the Beirut newspaper AL-NIDA's term). It was ensured by an American-Israeli "memorandum on strategic mutual understanding" signed at the end of 1981, which substantially expanded the scope of military ties between the two countries.

In the fall of 1983, after visits to the United States by a number of high-ranking Israeli figures, including the president, prime minister, and defense minister, "strategic cooperation" was raised to an even higher level. This essentially completed official recognition of a military-political alliance between Washington and Tel Aviv. "This rapprochement of the United States and Israel," ABC noted at the time, "undoubtedly marks a 'new era' in Washington's Near East policy."

The television company was not mistaken about one thing. A "new era" did indeed begin, but it did not touch on Near East policy as a whole but only the sphere of American-Israeli military relations. The Arab peoples saw the Washington-Tel Aviv "strategic tandem" beginning to gather dangerous speed. The 6-monthly sessions of the mixed military-political committee pay the closest attention to questions such as joint military planning in the Near East region, the conduct of American-Israeli exercises and maneuvers there, the use of Israeli bases by the American Armed Forces, and the storing of American heavy arms on Israeli territory.

Moreover, according to the Egyptian newspaper AL-WAFD, the Pentagon has shipped to Israel 1,000 neutron charges, which could be used in an "emergency" not only by the American rapid deployment forces but by the Israeli Armed Forces.

The substantial buildup in American military and economic aid to Israel is yet further evidence of the expanding "strategic cooperation." It now stands at 4 billion dollars per annum—an unprecedented figure for relations between two countries. The vast bulk of it goes on military supplies, including the most up-to-date armaments. For example, Israel is now receiving from the United States an additional consignment of 75 of the latest F-168 fighter-bombers specially adapted for operations in the conditions of the Near East. Not to mention such "trifles" as air-launched and antitank missiles, cluster bombs, or electronics equipment! In the words of one Israeli military official, they have received enough from the United States to carry out combat operations "for 6 months without replenishing supplies."

And by all accounts Tel Aviv is giving serious thought to ways of ensuring that these "6 months' supplies" do not lie idle. The all-around protection afforded by their transatlantic patron is making the Israeli rulers brazen. They are again making belligerent threats to Beirut and Damascus and backing them up with militarist preparations. Thus, Israel is concentrating military units and formations on the border with Lebanon and dispatching armored vehicles there. And it has already carried out several times large-scale maneuvers of a blatantly provocative nature involving all categories of troops on the border with Syria and in the occupied Golan Heights. If you add to this the fact that the Israeli command has carried out since the beginning of the year four exercises mobilizing all reservists, it becomes clear that the Tel Aviv leadership conceives of no policy other than one based on military force and aimed at intimidating its neighbors.

It is characteristic that in present-day conditions the United States no longer prefers to operate behind the scenes as it once did. Israel's senior partner does not today refrain from direct armed interference in Near East affairs. Thus it was in 1983, when the United States "pacified" unruly Lebanon by sending in the marines and the battleship "New Jersey." It is no accident that the Pentagon now keeps two aircraft-carrier formations, whose sights are trained on many coastal countries, almost permanently in the Mediterranean. At the same time the Pentagon, according to a NEW YORK TIMES report, is drawing up plans to make "greater use" of the U.S. Strategic Air Force in the Near East. As the newspaper explains, this involves air support for the rapid deployment forces in the event of their being shipped to the region.

And the same NEW YORK TIMES recalls that once during the Bright Star maneuvers which the Pentagon regularly organizes in the Near East B-52 strategic bombers flying from American territory reached Egypt and "destroyed targets" in the Egyptian-Libyan border region. It is therefore not ruled out that during the Bright Star-87 maneuvers, scheduled for August, these nuclear-capable aircraft will again be brought into operation. To date the Pentagon has declared that four aircraft carriers will be simultaneously taking part in the upcoming maneuvers. It is quite easy to appreciate the danger posed by such a concentration of American military might in a region where the situation is already extremely tense.

But the American side has its own "approach" to the Near East. Banking on a "strong" Israel and a further buildup of its own military presence there, the Washington administration is seeking to impose a settlement on the Arab countries on American terms. This would enable Tel Aviv to retain the occupied Arab lands and Washington to reinforce its military positions in this strategically important region. It is quite clear that such an American-Israeli Near East "peace" option does not suit the Arab peoples.

How long will Israel hold sway over native Arab lands? How long will the Palestinian people be deprived of a national home? How long will Washington and Tel Aviv regard the Near East merely through gun sights? These are questions that worry not just the Arab peoples. Conflict has smoldered for 40 years in the Near East, sometimes flaring up, other times slightly dying

down. The past years have most graphically demonstrated that neither a policy of force nor a course of separate deals is capable of ensuring a sound and lasting peace there, since they do not and cannot lead to a genuine solution of the urgent problems. And the actions of the Americans and Israelis merely exacerbate the existing confrontation in the region.

To end the Near East conflict the following crucial conditions must be met: Israeli withdrawal from all occupied Arab lands; satisfaction of the Arab people of Palestine's legitimate rights, including the right to self-determination; assurance of the independent existence of all states in the regions. A specific mechanism to achieve accords on these questions--an international conference on the Near East involving all interested parties, including the PLO--has been put forward. You cannot fail to notice here that the possibility of such a conference and particularly its success depend both on concerted action, determination, and activeness on the part of the Arab countries and a united PLO. The latest meeting of Palestinian organizations in Algiers was encouraging in this regard.

The need to call an international conference on the Near East is stressed not just in the Arab capitals but also in many West European countries. The implementation of the Soviet proposal to set up a conference preparatory committee with the participation of every member of the UN Security Council could be a practical step in this direction. The proposal already enjoys the support of the UN General Assembly, the Eighth Nonaligned Movement Conference, and the Islamic Conference Organization, whose latest sessions were held in Kuwait.

There is without doubt no sensible alternative to an international conference, that is to say, to collective efforts for a political settlement in the Near East. This is the only way out of the impasse that has prevailed in this dangerous region for many years. The peoples are tired of a protracted conflict whose continuation poses a growing threat to them. They think that the time has come to begin careful, painstaking preparatory work to eliminate it.

Neither June, nor any other month should be augmented with new dates of bloody crimes committed by Zionist aggressors and their transatlantic protectors.

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CSO: 1807/365

MULLAH AT KABUL MOSQUE INTERVIEWED

Moscow SOVETSKAYA ROSSIYA in Russian 1 Jun 87 p 5

[Article by R. Dudrin: "Who is Cloaking the Truth in Lies? An Interview in a Kabul Mosque with Mullah Kari Muhammed Nabi"; first paragraph is source introduction]

[Text] Kabul--"I have frequently read in newspapers and heard on the radio that the Muslim holy men are collaborating with the revolutionary government of Afghanistan. At the same time, it is well known that the dushman, cloaked in the banner of Islam, are terrorizing the people of that country. How do these two contradictory processes 'get along' with each other?" asks reader N. Chernobrovov of Rostov Oblast in a letter to the editors. At our request, a NOVOSTI correspondent in Afghanistan met with a well-known Kabul mullah.

I was not sure he would receive me. The senior mullah of the largest Kabul mosque, Poli Khishti, had never before given an interview to a Soviet journalist. Moreover, the Afghan mullahs are split into two camps. One is those that acknowledge the secular revolutionary powers and collaborate with them, calling upon the Muslims to put an end as soon as possible to the long nightmare of fratricide, and the other is the irreconcilable ones giving their blessing to the senseless and cruel war in the name of the prophet. There are many in between the two poles who vacillate and try to remain neutral.

In earlier years, as local journalists told me, relations between the authorities and this mullah had taken shape in different ways. I knew, however, that Kari Muhammed Nabi is a man of strong convictions and independent views. Our meeting took place in the mosque, in one of the residential rooms.

There was no furniture there in the European concept: on the floor was a large rug and several flat pillows. My host invited me to make myself a little more comfortable and sat across from me. Muhammed Nabi apologized for the lack of refreshments--during fasting he can take sustenance only after the sun sets (in modern Afghanistan the residents of cities and many regions sit down at the table after a mullah says a special prayer and announces the end of the daily fasting on television).

I in turn apologized for the fact that perhaps some of my questions would seem tactless, and therefore he need not answer them.

"Reconciliation is on our calendar. Ask any questions," said Kari.

"How can one call for the waging of a holy war against unbelievers with the aid of Islamic slogans and take up arms in the name of national concord?"

Muhammed Nabi began from afar: "I have served in this mosque for eighteen years. I am well known to several generations of worshippers. These are different kinds of people. Rich, poor, young, old, literate and illiterate. Of course, more of them are illiterate. But they are all Muslims. They come here to worship God, and I help them do this. On Fridays up to six thousand people gather in the mosque. But there are other mosques in Kabul. That means that what I say to them in my sermons meets their thoughts and feelings. How can a true Muslim be discerned from a false one? An Islamic sermon from a non-Islamic one? Truth is in deeds. After all, it is said in the Koran 'Do not cloak the truth in lies to hide the truth.'"

"At one time Great Britain, passing itself off as a friend of Afghanistan, wanted us to quarrel with Russia," noted Kari. "If the Russians had not smashed the British on their border, and our Pushtus and the Indians not risen up against the British, the flag of independence would not have been raised over Afghanistan."

"A true Muslim should be with his people," said Muhammed Nabi with conviction. "I never had any thought of leaving the country, even during the time that a man came to power in Kabul who oppressed the people, including the clergy. I have in mind Amin. Then and now I call Muslims to peace in their hearts. To peace with those close to them. And others, also Muslims, have hardened their hearts and are prepared to kill their brothers. By the way, they call brother only those who in concert with them. In many Islamic countries they do not spare such 'Muslim brothers.' After all, they bring trouble, discord and war. It is only they that could commit such a crime: kill a mullah during prayer in the holy month of Ramadan. And where they did it! In the Kandagar Kherka Mubarak mosque, where the rags of the prophet are kept. That mullah was called the same name as me--Muhammed Nabi. This happened several days ago."

Kari Muhammed Nabi fell to thinking for a minute, and then continued: "The leader of Afghanistan, Doctor Najib, visited me at the mosque recently. This was a great honor! I said to him: 'By coming to the Muslims in the mosque you have acquired more allies of reconciliation than could have been bought with their weight in gold.'"

"The opponents of reconciliation assert that they are waging a holy Muslim war against unbelievers. What do you say to that?" I asked.

"I will cite this example: architects from Bulgaria built a mosque in Kabul, and on orders from America the so-called 'Muslims' set off a bomb there."

Kari Muhammed Nabi had in mind the mosque built according to the design of Bulgarian architects for the students of the Kabul Polytechnical Institute--a

gift of the Soviet Union. The explosion was carried out by extremists from the irreconcilable Islamic groups based in Pakistan. The first nationwide conference of Islamic theologians took place in Kabul at the same time. Its delegates prayed in that mosque.

"The Islamic groups in Pakistan do not recognize the legal Afghan government and feel that Islam is in danger in Afghanistan as before. And this is notwithstanding the fact that state assistance for reinforcing the positions of the clergy have repeatedly exceeded the subsidies of the pre-revolutionary government..."

"This has all already happened," noted Kari. "When the British wanted to kick out Amanullu, who had proclaimed the independence of Afghanistan, they not only tried to do it, but even to discredit his name in the eyes of the Muslims. Even photographs of his semi-clad wife were circulated by hand. They spared no expense for bribes and weapons. And that is how they operate today. The method is old. Much money buys bad Muslims and impels them to take up weapons and wage war in essence against themselves. The leader of this anti-Afghanistan war today is simply America. But voice of truth cannot be betrayed. Afghans in Pakistan and Iran are shaking off the torpor in which the enemies of Muslims have put them."

"Recently, on the holy 27th night of Ramadan, I asked Allah to grant that hearts would soften and peace be granted to us as soon as possible, that Afghans be reconciled," said mullah Muhammed Nabi in concluding our discussion.

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CSO: 1807/343

SOVIET-ETHIOPIAN PROTOCOLS SIGNED

Oil, Gas Exploration

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIC (OTDEL VTOROY) in Russian No 3, 1987 pp 43-45

[Text] Protocol 9 between the Government of the Union of Soviet Socialist Republics and the Provisional Military Government of Socialist Ethiopia on the continuation of collaboration in exploration for oil and gas.

The Government of the Union of Soviet Socialist Republics and the Provisional Military Government of Socialist Ethiopia,

- based on the friendly relations existing between the two countries,
- guided by the aspiration to develop economic and technical collaboration between the Union of Soviet Socialist Republics and Socialist Ethiopia,
- acknowledging the positive results arising from economic and technical collaboration between both countries,
- have agreed to the following:

Article 1

The Government of the Union of Soviet Socialist Republics, meeting the desires of the Provisional Military Government of Socialist Ethiopia, expresses consent to the rendering of assistance in continuing and expanding oil and gas exploration in the Ogaden region, as well as in drilling exploratory wells and in evaluating and developing a technical and economic report for the gas field at Kelub.

The zones for the exploratory operations and the specific time periods for their fulfillment in 1987-1990 will be determined by the Parties.

Article 2

In order to pay the expenses of Soviet organizations associated with rendering the assistance envisaged by this Protocol, the Government of the Union of Soviet Socialist Republics grants to the Provisional Military Government of Socialist Ethiopia credit with a term of 12 years in equal annual shares, beginning 5 years after the year in which the corresponding portion of the credit is utilized.

The payments for the credit will be made no later than the 15th of June of each year of payment.

Interest on the credit will be calculated annually beginning 5 years after the date the corresponding portion of the credit is used, and is paid no later than the 15th of June of the year following the year for which it is calculated. The last interest payment will be made simultaneously with the last payment of principal in paying off the credit debt.

The date for the use of credit for payment for services rendered will be considered as the date of the invoice, and for the payment of deliveries of equipment, materials and outfit as the date of the bill of lading.

The financing of local expenditures associated with the fulfillment of operations envisaged by this Protocol will be accomplished through credit against goods offered in accordance with the Soviet-Ethiopian protocol on economic and technical collaboration of 14 Feb 85.

#### Article 3

Payments of principal and interest calculated on it will be made through deliveries of Ethiopian goods that are of interest to Soviet organizations and are coordinated between the appropriate organizations of the Parties. Prices for the goods will be determined according to the prevailing prices on the principal world markets on the date agreement is reached on deliveries of these commodities.

In the event that the annual sum subject to payment as principal is not completely paid for by deliveries of Ethiopian goods, the remaining sums may be paid in freely convertible currency by agreement between the USSR Foreign Trade Bank and the National Bank of Ethiopia through deductions of the corresponding sums to the accounts of the USSR Foreign Trade Bank in the banks of third countries at its instruction.

The calculation of ruble equivalents for the foreign currency will be accomplished in accordance with the Letters of the Parties of 31 Oct 81.

#### Article 4

The USSR Foreign Trade Bank and the National Bank of Ethiopia, before the start of operations, will establish the technical procedure for credit calculations as envisaged by this Protocol and will open credit accounts in rubles to account for the use and payment of credit and calculation and payment of interest on it.

#### Article 5

Authorized Soviet and Ethiopian organizations will conclude contracts in accordance with this Protocol.

## Article 6

This Protocol will go into effect on the day of its signing.

Done in Moscow this 30th of January 1987 in two true copies, each in the Russian and English languages, wherein both texts have identical force.

By authority of the Government of the Union of Soviet Socialist Republics

K. Katushev

By authority of the Provisional Military Government of Socialist Ethiopia

M. Idzhigu

## General Aid

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIC (OTDEL VTOROY) in Russian No 3, 1987 pp 45-47

[Text] Protocol 10 between the Government of the Union of Soviet Socialist Republics and the Provisional Military Government of Socialist Ethiopia on the rendering of assistance to Socialist Ethiopia not subject to repayment.

The Government of the Union of Soviet Socialist Republics and the Provisional Military Government of Socialist Ethiopia,

- based on the friendly relations existing between the two countries,
- guided by the aspiration to develop economic and technical collaboration between the Union of Soviet Socialist Republics and Socialist Ethiopia,
- acknowledging the positive results arising from economic and technical collaboration between both countries,
- have agreed to the following:

## Article 1

The Government of the Union of Soviet Socialist Republics, meeting the desires of the Provisional Military Government of Socialist Ethiopia, expresses consent to the rendering of assistance not subject to repayment in creating up to 6 professional and vocational schools (with about 400 students in each) primarily for the training of equipment operators for agriculture.

## Article 2

For the purpose of rendering assistance for the objectives envisaged in Article 1 of this Protocol, the Ethiopian Party will for its part:

- give Soviet organizations existing initial data essential for the fulfillment of planning operations;
- release Soviet organizations from paying customs duties, taxes and impositions to which machinery, equipment, textbooks, materials and spare parts imported into Socialist Ethiopia could be liable;

- carry out the unloading of machinery, equipment, materials, textbooks and spare parts from ships, as well as transport them from Ethiopian ports of offloading to the locations of operations;
- carry out construction and installation work and work in laying external service lines and the creation of auxiliary facilities, as well as ensure the fulfillment of these operations with local manpower, fuels and lubricants, electric power, water and other local materials;
- give Soviet specialists, including members of their families traveling to Socialist Ethiopia, furnished apartments with all essential domestic and municipal services, transportation for official trips on Ethiopian territory, medical assistance, including hospitalization in extreme cases, as well as release them from the payment of direct taxes, impositions and customs duties that the Soviet specialists and the members of their families could be liable for, as well as personal items brought to Socialist Ethiopia.

#### Article 4

Authorized Soviet and Ethiopian organizations will come to agreement on the detailed terms for the fulfillment of the provisions envisaged by this Protocol, including the specialties and numbers of specialists, the compositions of the schools and the time periods for their construction.

#### Article 5

For all that remains that is not envisaged by this Protocol, the corresponding provisions of the Soviet-Ethiopian Agreement on Economic and Technical Collaboration of 19 Sep 78 will be in effect.

#### Article 6

This Protocol will go into effect on the day of its signing.

Done in Addis-Ababa this 15th day of January 1987 in two true copies, each in the Russian and English languages, wherein both texts have identical force.

By authority of the Government of the Union of Soviet Socialist Republics

V. Zinovkin

By authority of the Provisional Military Government of Socialist Ethiopia

A. Afevork

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**DATE FILMED**

August 28, 1987

D.S.